



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of June 24, 2025

TO: Mayor and Members of the City Council

VIA: Dante Hall, City Manager

SUBMITTED BY: Edwin Gato, Director of Finance

SUBJECT: Annual Approval of the City of Hercules Investment Policy

RECOMMENDED ACTION:

Review and approve the City of Hercules Investment Policy by minute order.

BACKGROUND:

The investment of funds by a California local agency, including the types of securities in which an agency may invest, is governed by the California Government Code. The law requires that the legislative body of each agency adopt an investment policy, which may impose additional limitations beyond those established by the State. In addition, an agency's investment policy must be reviewed annually, and any changes must be adopted at a public meeting. The annual adoption of the City's investment policy provides an opportunity to review the policy regularly, ensuring its consistency with the overall objectives of safety, liquidity, and yield, as well as its relevance to current law and economic trends.

Analysis:

The City's Investment Policy emphasizes the responsibility to safeguard public assets while identifying opportunities for a systematic investment process. The primary focus is to ensure the safety of the principal and maintain the liquidity required for payroll and other City obligations, followed by maximizing investment yield.

The Finance Director reviews the City's Investment Policy annually, and it is attached to this report as Exhibit 1. The Policy is based on the standards and guidelines provided by the California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers of the United States and Canada (APTUSC).

According to the Investment Policy, staff are required to submit quarterly Investment Reports to the City Council. These reports include summaries of investments, the market value of securities, and a statement confirming that current liquidity is sufficient to cover expenditures for the next six months, as mandated by California Government Code Section 53646.

Attachment 1 contains the City's Investment Policy, which is submitted to the Council for annual approval. There are no recommended changes to the Policy for the Council's consideration.

FISCAL IMPACT:

This document is designed as an informational report and the approval of the investment report will not result in any fiscal implications.

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ATTACHMENTS:

1. Investment Policy