A G E N D A

CITY OF SEASIDE
CITY COUNCIL/SUCCESSOR
AGENCY TO REDEVELOPMENT
AGENCY OF THE CITY OF SEASIDE

JOINT SPECIAL MEETING
Council Chamber
440 Harcourt Avenue
Thursday, October 6, 2016
5:30 PM

PLEASE TURN OFF YOUR CELL PHONES UPON ENTERING THE MEETING

1. CALL TO ORDER

Ralph Rubio	Mayor/Chair
Ian N. Oglesby	Mayor Pro Tem/Vice Chair
Dennis Alexander	Council/Agency Member
Jason Campbell	Council/Agency Member
David R. Pacheco	Council/Agency Member

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENTS

Members of the public wishing to address the City Council on matters within the jurisdiction of the City of Seaside, but not on this agenda, may do so during the Public Comment period for up to three minutes. Public Comments on specific agenda items are heard under that item. For the public record, please state your name.

4. CLOSED SESSION

A. PURSUANT TO GOVERNMENT CODE 54957.6 - CONFERENCE WITH LABOR NEGOTIATORS

Agency Negotiators: Craig Malin, City Manager; Roberta Greathouse, Human Resources Director; Lisa Saldana, Financial Services Manager, Donna Williamson, Labor Negotiator

Employee Organizations:

1. Seaside Police Officers' Association
2. Seaside Public Safety Managers' Association
3. Seaside City Employees' Association
4. Seaside Managers and Supervisory Employees' Association
5. Confidential Employees
6. Executive Managers

5. CONSENT AGENDA

A. APPROVAL OF MINUTES FROM SEPTEMBER 15, 2016

PURPOSE: To review and approve the minutes from September 15, 2016.

RECOMMENDATION: That the minutes be reviewed and approved.

B. APPROVE AND FILE SUCCESSOR AGENCY CHECKS

PURPOSE: It is requested that the Successor Agency Board approve and file the accounts payable and wired payments made during the period of September 7, 2016 through September 26, 2016. In addition, approval of the payroll and benefits checks, direct deposits and wired payments related to the period of September 15, 2016 is requested. Total Accounts Payable and Payroll for the above referenced period is $3,051.92.

RECOMMENDATION: It is recommended that the Successor Agency Board approve and file the attached checks.

C. REVIEW AND ADOPT A RESOLUTION APPROVING THE 2015-2016 AND THE 2016-2017 INVESTMENT POLICY FOR THE CITY OF SEASIDE AND THE SUCCESSOR AGENCY

PURPOSE:
The purpose of this item is to give the City Council and the Agency Board an opportunity to review and adopt a resolution approving the City of Seaside and the Successor Agency 2015-2016 and 2016-2017 Investment Policy.

RECOMMENDATION:
It is recommended that the City Council and the Agency Board adopt the attached resolution approving the 2015-2016 and the 2016-2017 Investment Policy.

6. PRESENTATION

A. PRESENTATION ON THE CITY'S SUCCESSFUL COMPLETION OF THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY'S PERFORMANCE IMPROVEMENT PLAN

PURPOSE: The purpose of this item is to provide the City Council with an update on the City's successful completion of the California Joint Insurance Authority's Performance Improvement Plan.

RECOMMENDATION: It is recommended that the City Council receive and accept the presentation.

B. PRESENTATION ON THE USE OF CAREER PIPELINES TO ADDRESS RECRUITMENT CHALLENGES FOR LAW ENFORCEMENT

PURPOSE: To present to the City Council an overview on the use of career pipelines to address recruitment challenges for law enforcement.

RECOMMENDATION: It is recommended that the City Council receive the report.

7. ADJOURNMENT

Next Regularly Scheduled Meeting:
October 20, 2016
Seaside City Hall
5:30 PM

The City of Seaside is an ADA accessible facility and is committed to include the disabled in all of its services, programs and activities. Any person who requires accommodation to be able to participate in this meeting is asked to contact the office of the City Clerk at 899-6707, no fewer than two business days prior to the meeting to allow for reasonable arrangements.The City Council Chambers is equipped with a portable microphone for anyone unable to come to the podium. Assisted listening devices are also available.

Meetings that are held in the City Council Chambers are broadcast live to all Seaside residents on Comcast Channel 25 and U-verse Channel 99. Meetings are also available through live streaming at: http://cvp.telvue.com/player?id=T01629&video=52314&noplaylistskin=1&width=400&height=300 Videos of past meetings are available on demand through the City's website: http://www.ci.seaside.ca.us

Agenda-related writings or documents provided during public meetings are available for public inspection during the meeting or from the office of the City Clerk. This agenda is posted in compliance with California Government Code Section 54954.2(a) or Section 54956.

CITY OF SEASIDE
STAFF REPORT

Item No.: 5.B.

TO: Successor Agency to the Redevelopment Agency of the City of Seaside

FROM: Craig Malin, Executive Director

BY: Daphne Hodgson, Deputy City Manager Administrative Services
Krista Oberholtzer, Accounting

DATE: October 6, 2016

SUBJECT: **APPROVE AND FILE SUCCESSOR AGENCY CHECKS**

PURPOSE

It is requested that the Successor Agency Board approve and file the accounts payable and wired payments made during the period of September 7, 2016 through September 26, 2016. In addition, approval of the payroll and benefits checks, direct deposits and wired payments related to the period of September 15, 2016 is requested. Total Accounts Payable and Payroll for the above referenced period is $3,051.92.

RECOMMENDATION

It is recommended that the Successor Agency Board approve and file the attached checks.

BACKGROUND

In accordance with Government Code Section 37208, at each Agency meeting the Board is provided a listing of the payroll and general checks issued since the last report so that it can inspect and confirm these checks. Each purchase has been reviewed and approved by the department making the purchase at the time of procurement. The invoice has been reviewed by the Finance Department prior to payment to ensure that it conforms to the approved budget.

Therefore, in accordance with Government Code Section 37208, I hereby certify that the above referenced, and linked, list of checks conforms to the approved budget and has been paid. These checks are hereby submitted to the Agency Board for inspection and confirmation.

There were no checks that exceeded $10,000 between September 7, 2016 and September 26, 2016 for Successor Agency related expenses.

The Checks report is available on the City's Website here:
http://www.ci.seaside.ca.us/194/Check-Draft-Register

FISCAL IMPACT

The listed checks have been budgeted and paid from the various funds, as appropriate.

ATTACHMENTS

Reviewed for Submission to the
City Council by:

Craig Malin, City Manager

CITY OF SEASIDE
STAFF REPORT

Item No.: 5.C.

TO: City Council

FROM: Craig Malin, City Manager

BY: Daphne Hodgson, Deputy City Manager Administrative Services

DATE: October 6, 2016

SUBJECT: **REVIEW AND ADOPT A RESOLUTION APPROVING THE 2015-2016 AND THE 2016-2017 INVESTMENT POLICY FOR THE CITY OF SEASIDE AND THE SUCCESSOR AGENCY**

PURPOSE

The purpose of this item is to give the City Council and the Agency Board an opportunity to review and adopt a resolution approving the City of Seaside and the Successor Agency 2015-2016 and 2016-2017 Investment Policy.

RECOMMENDATION

It is recommended that the City Council and the Agency Board adopt the attached resolution approving the 2015-2016 and the 2016-2017 Investment Policy.

BACKGROUND

California State Government Code Section 53646 requires the City Council and the Agency Board to review and adopt the City's and the Agency's Investment Policy. There are no changes to the Policy.

FISCAL IMPACT

There are no costs involved in the adoption of the Investment Policy. The policy may affect the investment earnings of the City and the Agency.

ATTACHMENTS

1. Proposed City of Seaside and Successor Agency 2015-2016 and 2016-2017 Investment Policy

2. Resolution approving 2015-2016 & 2016-2017 Investment Policy

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Reviewed for Submission to the
City Council by:

Craig Malin, City Manager

CITY OF SEASIDE AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE

INVESTMENT POLICY

Proposed October 6, 2016

I. Introduction

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment process and to organize and formalize investment-related activities. Related activities which comprise sound cash management include accurate cash flow projections, control of disbursements, expedient collection of revenues, cost effective banking relations and a short term borrowing program which coordinates investment opportunity with working capital requirements. The ultimate goal is to enhance the economic status of the City of Seaside while protecting its pooled cash resources.

The investment policies and practices of the City of Seaside are based on state law and prudent money management. All funds will be invested in accordance with the City's Investment Policy and the authority governing investments for municipal governments as set forth in the California Government Code, Sections 53601 through 53659. The investment of bond proceeds are to be restricted by the provisions of relevant bond documents.

II. Scope

It is intended that this policy cover all short-term operating funds and investment activities of the City. These funds are accounted for in the annual audit report, and include:

- ◊ General Fund
- ◊ Special Revenue Funds
- ◊ Debt Service Funds
- ◊ Capital Projects Funds
- ◊ Enterprise Funds
- ◊ Internal Service Funds
- ◊ Fiduciary Funds

This investment policy applies to all City transactions involving the financial assets and related activity of the above mentioned funds. Any additional funds that may be created from time to time shall also be administered with the provisions of this policy and comply with current State Government Code.

III. **Prudence** (Standard of Care)

CITY OF SEASIDE AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE

INVESTMENT POLICY

The City of Seaside operates its pooled idle cash investments under the prudent man rule (Civil Code Section 2261, et. seq.). In addition, Government Code Section 53600.3 provides that those persons to whom investment decisions have been delegated are trustees with a fiduciary responsibility to act as a prudent investor.

Investments shall be made with judgment and care - under circumstances then prevailing - which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. This affords a broad spectrum of investment opportunities as long as the investment is deeded prudent under current law.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds shall act with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City.

It is the City's intent at the time of purchase to hold all investments until maturity to ensure the return of all invested principal dollars but sales prior to maturity are permitted.

IV. Objectives

A. Investment Criteria:

Government Code Section 53600.5 states: "When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objective of the trustee shall be to safeguard the principal of funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control".

Simply stated, safety of principal is the foremost objective, followed by liquidity and return on investment (known as yield). Each investment transaction shall seek to first ensure the capital losses are avoided, whether they are from market erosion or security defaults.

The primary objectives, in priority order, of the City's investment activities shall be:

1. ***Safety*** - Safety of principal is the foremost objective of the investment program. The

City's investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio. The City shall seek to preserve principal by mitigating the two types of risk, credit risk and market risk. Investment decisions should not incur unreasonable credit or market risks in order to obtain current investment income.

a. Credit Risk: Defined as the risk of loss due to failure by the issuer of a security.

b. Market Risk: Defined as the risk of market value fluctuations due to overall changes in the general level of interest rates.

2. ***Liquidity*** - The City's investment portfolio will remain sufficiently liquid to enable the City to meet its cash flow requirements. An adequate portion of the portfolio should be maintained in liquid short term securities which can be converted to cash and guarantee the City's ability to meet operating expenditures.

3. ***Return on Investment (Yield)*** - The City's investment portfolio shall be designed with the objective of attaining a market rate of return on its' investments consistent with the constraints imposed by its safety objective and cash flow considerations. Yield is to be a consideration only after the basic requirements of adequate safety and liquidity have been met.

B. Market Rate of Return

The investment portfolio shall be managed to attain a market average rate of return throughout budgetary and economic cycles. This takes into account the City's cash flow requirements and investment risk constraints, state and local laws and ordinances or resolutions that restrict the placement of short term funds.

C. Performance Standards

The investment portfolio shall be managed with the objective of producing a yield meeting or exceeding the average return on the one year U.S. Treasury. This index is considered a benchmark for low to moderate risk investment transactions. Therefore, they comprise a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles. This benchmark will be reviewed thoroughly and may be adjusted as required by market conditions to prevent incurring unreasonable risks to attain yield.

D. Diversification

The investment portfolio shall be diversified to prevent incurring unreasonable and

avoidable risks regarding specific security types, individual financial institutions or maturity segments.

E. Public Trust

Public Trust - All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

V. Delegation of Authority

The management and oversight responsibility for the investment program in hereby delegated to the Treasurer who shall monitor and review all investments for consistency with this investment policy. The City Manager and Treasurer shall jointly establish procedures to implement and monitor this investment policy. Such procedures shall include explicit delegation of persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the limits of this policy.

VI. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or that could impair their ability to make impartial decisions.

VII. Selection of Financial Institutions and Broker/Dealers

To provide for the optimum yield in the City's portfolio, the City's procedures shall be designed to encourage multiple bids and offers on investment transactions from an approved list of broker/dealers. The Treasurer shall maintain a list of authorized broker/dealers and financial institutions which are approved for investment purposes, in the State of California, and it shall be the policy of the City to purchase securities only from authorized institutions or firms. The investment guidelines and procedures shall identify the criteria under which brokers and dealers may qualify to conduct business with the City.

In order to assist in identifying qualified financial institutions, the Treasurer shall forward copies of the City's investment policy to those financial institutions with which the City is interested in doing business and will require written acknowledgment of the policy. In addition, all dealers approved to do business with the City shall receive a copy of the Investment Policy annually. Confirmation of receipt of this policy shall signify that the dealer understands the Investment Policy and intends to present only appropriate investments.

VIII. Permitted Investment Instruments

Allowable investment instruments are defined in the California Government Code Section 53600 et. seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where Government Code Section specifies a percentage limitation for a particular category of investments, that percentage is only applicable only at the date of purchase.

Investments may be made in the following instruments:

1. Government obligations pledged by the full faith and credit of the United States for the payment of principal and interest.

2. Obligations issued by Agencies or Instrumentalities of the U.S. Government.

3. Repurchase Agreements used solely as short term investments not to exceed one year.

   The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the City's custodian bank versus payment. 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 reviewed on a regular basis and adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investment in repurchase agreements shall be in compliance if the value of the underlying securities is brought back to 102 percent no later than the next business day.

4. Banker's Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short term paper of which is rated in the highest category by

Moody's Investors Services or by Standard & Poor's Corporation.

Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of the City's surplus money. However, no more than $2,000,000 of the City's surplus funds may be invested in the Banker's Acceptance of any one commercial bank.

5. Commercial paper rated in the highest short term rating category, as provided by Moody's Investors Service, Inc. (P-1) or Standard & Poor's Corporation (A-1) provided that the issuing corporation is organized and operating within the United States, has total assets in excess of $500 million, and has an "A" or higher rating for its long term debt, (if any, as provided by Moody's or Standard & Poor's).

   Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than $1,000,000 from an issuing corporation.

   Purchases of commercial paper may not exceed 15 percent of the City's surplus money that may be invested.

6. Medium term corporate 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. Medium term corporate notes shall be rated in a rating category of “A” or its equivalent or better by a nationally recognized rating agency.

   Investments will be limited to a maximum of 30% of the City's portfolio. The maximum principal amount in any one company will not exceed $1,000,000.

7. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California, including United States branches of foreign banks licensed to do business in California. The maximum maturity of a time deposit shall not exceed 180 days. All time deposits must be collateralized in accordance with California Government Code section 53651 and 53652, either using:
   a) 150% of promissory notes secured by first mortgages and first trust deeds upon improved residential property in California eligible under Section 53601 (m), or
   b) 110% of eligible marketable securities listed in subsections (a) through (l) and (n).

8. Negotiable certificates of deposit or deposit notes issued by a nationally or state chartered bank or a state or federal savings and loan association or by a state licensed branch of a

foreign bank; provided that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's.

Purchase of negotiable certificates of deposit may not exceed 30 percent of the City's surplus money.

9. State of California's Local Agency Investment Fund. (LAIF)

Investment in LAIF may not exceed limits as set forth by the LAIF Board and adjusted from time to time. The current per account limit is $50 million per account.

10. Shares of beneficial interest issued by diversified management companies (Money Market Mutual Funds) investing in the securities and obligations authorized by sections a through l of Government Code section 53601. To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services or (2) have an investment advisor registered with the Securities and Exchange Commission with not less than five years experience investing in securities and obligations authorized by Government Code Section 53601 and with assets under management in excess of $500,000,000.

The purchase price of shares shall not exceed 10 percent of the City's surplus money.

Table A summarizes the maximum percentage and maturity limits, plus other constraints, by instrument, established for the City's total pooled funds portfolio.

IX. Safekeeping of Securities

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third party bank trust department. Designated third parties shall act as agent for the City under the terms of a custody agreement or PSA agreement (repurchase agreement collateral). All trades executed by a dealer will settle **delivery vs. payment (DVP)** through the City's safekeeping agent. Original copies on non-negotiable certificates of deposit and confirming copies (safekeeping receipts) of all other investment transactions must be delivered to the City. Investment officials shall be bonded to protect the public against possible embezzlement or malice.

Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

X. Maximum Maturity

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the City to meet all projected obligations.

Investments that mature more than five years from the date of purchase can not occur without prior approval of the City Council. As defined in Government Code Section 53601, "no investment shall be made in any security… that at the time of investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment approved by the legislative body no less than three months prior to the investment."

XI. Ineligible Investments

Certain investments are prohibited under Government Code Sections 53601.6 and 53631.5. Security types which are prohibited include, but are not limited to:

(a) "Complex" derivative structures such as range notes, dual index notes, inverse floaters, leveraged or deleveraged floating rate notes, or any other complex variable rate or structured note.

(b) Interest only strips that are derived from a pool of mortgages or any security that could result in zero interest accrual if held to maturity.

(c) Reverse Repurchase Agreements.

Purchasing these types of instruments does not coincide with this Policy's objectives and would require a thorough review and monitoring of the underlying security. Although some of these transactions are legal under Government Code, they do not meet the objectives contained herein.

By virtue of the allowable investment in the State Pool, the City is investing idle cash with a large number of government agencies. The Pool is managed by outside administrators and are subject of the Government Codes as well as polices put in place by their governing boards. The Pool's investment policy may allow for investment in some of the prohibitions noted above for Seaside. Investment in the State and County Pools is permitted, assuming a diminutive portion of their portfolio's (10% or less) are tied to the high-risk products noted above. The Treasurer is responsible to monitor and review the Pool's portfolio on an ongoing basis. The City shall take any necessary action should the Pool exceed the allowable 10% limit.

XII. Reporting Requirements

Pursuant to Government Code Section 53646, the Treasurer shall render to the City Council a separate quarterly investment report, which shall include, at a minimum, the following information for each individual investment:

- Type of investment instruments (i.e. Treasury Bill, medium term note)
- Issuer names (i.e., General Electric)
- Purchase date (trade and settlement date)
- Maturity date
- Par value
- Current rate of interest
- Purchase price
- Current market value and the source of the valuation
- Overall portfolio yield based on cost
- Weighted average days to maturity

The quarterly report also shall (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of the City's funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement denoting the ability of the City to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

Market value adjustments, as required under Government Accounting Standards Board (GASB) Statement No. 31, are treated as year-end accounting adjustments to the financial records of the City. quarterly investment reports will demonstrate market fluctuations and continue to compare purchase price versus market value status. Accounting adjustments under GASB Statement No. 31, which compare changes to beginning and ending par market value in each fiscal year, are not included as part of the quarterly investment reports.

This quarterly report shall be submitted to the City Council within 45 days following the end of the quarter. Reporting to the California Debt and Investment Advisory Commission (CDIAC) commenced January 2001. Seaside will comply with CDIAC or any other oversight agency reporting requirements.

XIII. Policy Adopting Changes and Updates

The Treasurer shall annually render to the Council a statement of investment policy, which the Council shall consider at a public meeting.

The policy shall be reviewed annually by the City Manager and Treasurer to ensure its consistency with the global objective of preservation of investment principal, sufficient liquidity, rate of return and relevance to current laws and financial trends. Any modifications to the policy must be approved by the City Council.

XIV. Internal Controls

The Treasurer shall establish and implement a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers of the City.

XV. Depositories

The Treasurer shall establish selection criteria for pre-approval of institutions that do business with the City of Seaside. To qualify for consideration, an institution must have an office in California and that office must perform the transactions with the City. The Treasurer will maintain a listing of approved institutions.

XVI. Risk Tolerance

The City recognizes that investment risk can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to minimize and control these risks.

CITY OF SEASIDE AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE

INVESTMENT POLICY

GLOSSARY OF TERMS

Bankers' Acceptances - negotiable time drafts or bills of exchange drawn on and accepted by a commercial bank. Acceptance of the draft obligates the bank to pay the bearer the face amount of the draft at maturity. In addition to the guarantee by the accepting bank, the transaction is identified with a specific commodity. The sale of the underlying goods will generate the funds necessary to liquidate the indebtedness. Banker's Acceptances are usually created to finance the import and export of goods, the shipment of goods within the United States and the storage of readily marketable staple commodities. Banker's Acceptances are sold at a discount from par and the amount and maturity dates are fixed. Bankers' Acceptances have the backing of both the bank and the pledged commodities with no known principal loss in over 70 years. State law permits cities to invest up to 40% in bankers' acceptances.

Certificate of Deposit - A deposit insured up to $100,000 by the FDIC at a set rate for a specified period of time.

Collateral - Securities, evidences of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Corporate Medium Term Notes - Unsecured promissory notes issued by corporations operating within the United States. The notes mature in one to five year periods. Purchase of these notes may not exceed 30% of the City's portfolio and the notes must have at least an "A" rating by a nationally recognized rating service.

Commercial Paper - An unsecured promissory note of industrial corporations, utilities and bank holding companies having assets in excess of $500 million and an "A" or higher rating for the issuer's debentures. Interest is discounted from par and calculated using the actual number of days on a 360-day year. The notes are in bearer form, mature from one to 270 days and generally start at $100,000. There is a secondary market for commercial paper and an investor may sell them prior to maturity. Unused lines of credit back commercial paper from major banks. State law permits cities to invest up to 30% in commercial paper.

Credit Risk - Defined as the risk of loss due to failure of the issuer of a security. This loss shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm the City's capital base and cash flow.

Current Yield - The interest paid on an investment expressed as a percentage of the current price of the security.

Custody - A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Delivery vs. Payment (DVP) - Delivery of securities with a simultaneous exchange of money for the securities.

Fannie Mae - Trade name for the Federal National Mortgage Association (FNMA), a United States sponsored corporation.

Federal Reserve System - The central bank of the United States which consists of a seven member Board of Governors, 12 regional banks and 5,700 commercial banks that are members.

Federal Deposit Insurance Corporation (FDIC) - Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently $100,000) per account.

Freddie Mac - Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a United States sponsored corporation.

Ginnie Mae - Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the United States Government.

Interest Rate - The annual yield earned on an investment, expressed as a percentage.

Liquidity - Refers to the ability to rapidly convert an investment into cash.

Local Agency Investment Fund (LAIF) Demand Deposit - Was established by the state to enable treasurers to place idle funds in a pool for investment. Each agency is currently limited by LAIF to an investment of $40 million plus any bond proceeds.

Market Risk - Defined as market value fluctuations due to overall changes in the general level of interest rates. Adverse fluctuation possibilities shall be mitigated by limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis, and eliminating the need to sell securities prior to maturity. Also, avoiding the purchase of long term securities for the sole purpose of short-term speculation mitigates marker risk.

Market Value - The price at which a security is trading and could presumably be purchased or sold.

Maturity - the date the principal or stated value of an investment becomes due and payable.

Portfolio - Collection of securities held by an investor.

Purchase Date - The date in which a security is purchased for settlement on that or a later date.

Rate of Return - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (REPO) - Are contractual arrangements between a financial institution or dealer and an investor. The investor puts up their funds for a certain number of days at a stated yield. In return, they take title to a given block of securities as collateral. At maturity, the securities are repurchased and the funds are repaid with interest.

Reverse Repurchase Agreement (Reverse REPO) - A transaction where the seller (City) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Sallie Mae - Trade name for the Student Loan Marketing Association (SLMA), a United States sponsored corporation.

Treasury Bills - United States Treasury Bills which are short term, direct obligations of the United States Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks; sold in minimum amounts of $10,000 in multiples of $5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.

United States Government Agencies - Instruments issued by various United States Government Agencies most of which are secured only by the credit worthiness of the particular agency.

Permitted Investments
Table A

Permitted Investments	Legal Limit (% or $)	City Policy Legal Limit (% or $)	Maximum Maturity Constraints	City Policy Other Constraints
U.S.Government Obligations	Unlimited	Unlimited	5 years *	None
U.S. Government Agencies & Instruments	Unlimited	Unlimited	5 years *	None
Repurchase Agreements	Unlimited	Unlimited	1 year	102% Market value on underlying securities
Bankers Acceptances	40%	40%	*180 days*	No more than $2,000,000 invested in any one commercial bank
Commercial Paper	30%	30%	*270 days*	U.S. Corporations with assets in excess of $500,000,000; “A” debt rating; maximum of $1,000,000 from an issuing corporation
Medium Term Corporate Notes	30%	30%	5 years	U.S. Corporations; “A” debt rating maximum of $1,000,000 per issuing company
Certificates of Deposit	Unlimited	Unlimited	5 years *	Must be collateralized to 110% of the CD value by other eligible securities or 150% by promissory notes secured by California Deeds & Mortgages
Negotiable Certificates of Deposit	30%	30%	5 years *	State and Federally chartered banks and savings institutions, “AA” rating by one agency

LAIF State Pool	$50,000,000 **	$50,000,000 **	N/A	Limited to 15 transactions per month, per account, per State Policy - last changed 11/16/09.
Mutual Funds	15%	10%	N/A	Funds invested as defined in Section 53601 (a) to (l); highest debt rating from 2 of top 3 national rating services OR investment advisor registered with SEC for at least 5 years and assets under management in excess of $500,000,000.

* Maximum terms unless the City Council expressly authorizes longer maturities and within the prescribed time frame for said approval.

** Not set by Government Code, but instead by LAIF Governing Board.

RESOLUTION NO. ________

A RESOLUTION OF THE CITY OF SEASIDE AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE ADOPTING THE 2015-2016 AND 2016-2017 INVESTMENT POLICY

WHEREAS, pursuant to the provisions of Section 53646 of the California Government Code the City Council and the Agency Board are required to review and approve the Investment Policy; and

WHEREAS, the City of Seaside and the Successor Agency to the Seaside Redevelopment Agency 2015-2016 and 2016-2017 Investment Policy remains the same as the prior year policy; and

WHEREAS, the City Council and the Agency Board have reviewed the policy.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Seaside and the Board of the Successor Agency of the Redevelopment Agency of the City of Seaside adopt the City of Seaside and the Seaside Successor Agency of the Redevelopment Agency 2015-2016 and 2016-2017 Investment Policy.

PASSED AND ADOPTED at a regular meeting of the City of Seaside and the Successor Agency of the Redevelopment Agency of the City of Seaside duly held on the 6th day of October, 2016 by the following vote:

AYES: COUNCIL MEMBERS/BOARD MEMBERS:

NOES: COUNCIL MEMBERS/BOARD MEMBERS:

ABSENT: COUNCIL MEMBERS/BOARD MEMBERS:

ABSTAIN: COUNCIL MEMBERS/BOARD MEMBERS:

____
Ralph Rubio, Mayor and Chairperson
City of Seaside and Successor Agency of the Redevelopment Agency of the City of Seaside

ATTEST:

Lesley Milton-Rerig
City Clerk of the City of Seaside and
Secretary to Successor Agency of the
Redevelopment Agency of the City of Seaside

CITY OF SEASIDE
STAFF REPORT

Item No.: 6.A.

TO: City Council

FROM: Craig Malin, City Manager

BY: Daphne Hodgson, Deputy City Manager Administrative Services

DATE: October 6, 2016

SUBJECT: **PRESENTATION ON THE CITY'S SUCCESSFUL COMPLETION OF THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY'S PERFORMANCE IMPROVEMENT PLAN**

PURPOSE

The purpose of this item is to provide the City Council with an update on the City's successful completion of the California Joint Insurance Authority's Performance Improvement Plan.

RECOMMENDATION

It is recommended that the City Council receive and accept the presentation.

BACKGROUND

The City is a member of the California Joint Powers Insurance Authority. Cal-JPIA provides many services to its member cities, including the development of a LossCap Action Plan. The LossCAP (Loss Control Action Plan) program is the Authority's strategic approach to working with members to reduce risk. The program goal is to reduce the frequency and severity of claims, and to provide an integrated approach to managing a member's risk exposures, and thereby reducing the cost of risk. The program includes risk management evaluations, council and board training, contractual risk transfer analysis, staff training, safety programs, employment intervention, and loss analysis.

On September 3, 2015, the City Council at the request of Cal-JPIA, adopted a Performance Improvement Plan (PIP) to facilitate the implementation of our LossCap. The City's Performance Improvement Plan is attached as Exhibit A.

City staff has worked hard to meet the goals of the PIP. On August 24, 2016, the Cal-JPIA executive committee approved the removal of the City from the City's Performance Improvement Plan and the Plan was dissolved; see attached letter.

Cal-JPIA will continue to provide support to the City as we work on the completion of action items from the recent Risk Management Evaluation and the City's Loss Control Action Plan.

FISCAL IMPACT

There is no direct fiscal impact from this item. There were costs that the City Council previously budgeted to complete the items outlined in the Performance Improvement Plan.

ATTACHMENTS

1. Performance Improvement Plan Agreement adopted by the City Council on 9/3/15
2. Performance Improvement Plan Matrix
3. Letter from Cal-JPIA

Reviewed for Submission to the
City Council by:

____
Craig Malin, City Manager

City of Seaside Performance Improvement Agreement

THIS AGREEMENT (Agreement) is made and effective as of August 27, 2015 between the California Joint Powers Insurance Authority ("Authority"), and the City of Seaside ("City"). Pursuant to the California Joint Powers Insurance Authority - Joint Powers Agreement, the Executive Committee of the Authority has determined it necessary to enter into a Performance Improvement Plan to ensure the City's governance is consistent with the Authority's mission and goals as it relates to risk management standards and best practices.

General Provisions

1. No later than March 27, 2017, the Authority will determine whether the City has complied with all performance standards of the Performance Improvement Plan that is embodied in this Agreement. If the Authority determines that the City has complied with the Agreement, the City and the Authority will enter into and dissolve the Agreement. If the Authority determines that the City has not complied, and the City disagrees with that determination, the City may request an appeal hearing before the Executive Committee. If the City does not appeal to dissolve the Agreement, or the appeal is denied, the Executive Committee may recommend endorsements limiting certain coverages or move to have the City removed from the liability program.

2. The Authority and the City may jointly stipulate to make changes, modifications, and amendments to the performance plan, which shall be effective at the adoption by Resolution by the City Council of Seaside and with the approval of the Chief Executive Officer of the Authority.

3. The City will take all action necessary to ensure that it appoints personnel on the basis of merit, who have the education and experience necessary to effectively lead and manage in the appointed positions. The City will establish strict accountability by defining expectations and performance standards for such positions.

4. The Agreement is binding upon the parties hereto by and through their officials, agents, employees, and successors and is enforceable only by the parties. No person or entity is intended to be a third-party beneficiary of any civil, criminal, or administrative action and, accordingly, no person or entity may assert any claim or right as a beneficiary or protected class under this Agreement.

5. All plans, policies, procedures, or action(s) that are required to be developed and implemented by the Agreement will be developed by the City and then submitted to the Authority for review and approval. Each such plan, policy, procedure or action(s) will be submitted within the date specified within the Performance Improvement Plan. All plans, policies, procedures or action(s) that are required to be developed and implemented by this Agreement are subject to the requirements and procedures set forth in this paragraph.

Definitions

6. The term "Adverse Action" is defined as: discharge, demotion or transfer accompanied by one or more of the following: decreased wages or salary; a less distinguished job title; a material loss of benefits; significantly diminished material job responsibilities; loss of seniority; other criteria that are unique to the particular situation.

7. The term "Authority" means the California Joint Powers Insurance Authority.

8. The term "City" means the City acting though the Seaside City Council.

9. The term "Day" is defined as a normal business day, Monday through Friday in which the City offices are open to receive normal public business.

10. The term "Effective Date" means the day on which the Seaside City Council adopts the Performance Improvement Agreement by resolution.

11. The term "Executive Committee" means the Executive Committee of the Board of Directors of the Authority.

12. The term "Joint Powers Agreement" means the agreement the member entered into to become a member of the Authority.

Performance Improvement Plan

13. City Council to adopt the Performance Improvement Agreement by resolution no later than thirty days after its adoption by the Executive Committee.

14. The City will, by November 7, 2015 meet with Authority staff after the adoption of the Performance Improvement Plan by City to establish timelines for completion of the City's Loss Control Action Plan (LossCAP). Dates for completion for all items shall not be beyond the term of the Performance Improvement Plan.

15. The City will hire an outside interim city manager should the current city manager depart before his contracted departure date. The interim city manager shall remain in such role until the hiring of a permanent city manager.

16. The City will form an independent body or panel of neighboring city managers to oversee the recruitment process of a permanent city manager and make hiring recommendations to the city council.

17. The City will hire a permanent, full-time city manager, who has a demonstrated ability to manage the city, particularly with respect to its current and future challenges. It is expected that the successful candidate will have executive management experience of at least five years as a department director and three years as an assistant city manager or above. Candidate should be a member of ICMA in good standing.

18. The City will submit to the Authority for review and approval any proposed adverse personnel action (discipline) before it is administered to any employee of the City.

19. The City will notify the Authority of all anticipated internal investigations (for non-police and police employees) within 10 days of starting such investigations and the reason for such investigations. All investigations must be completed in a timely fashion. The City is required to provide quarterly updates on all internal investigations until they are completed.

20. The City will meet quarterly with Authority staff in order to review the status and progress of the City's Performance Improvement Plan. Quarterly dates to be established after the adoption of the Performance Improvement Plan.

21. The City will notify the Authority immediately of any complaints that involve allegations of harassment, discrimination, retaliation, or police misconduct. City is required to submit a plan of action in writing to the Authority no later than 30 days from receipt of the allegation as to how the City will respond to the complaint. The Authority will review and approve the plan of action.

22. All executive team members are required to complete specific training on team building, harassment, and coaching as identified and provided by the Authority no later than 60 days after the adoption of the Performance Improvement Plan.

23. Upon compliance with any provision of this Agreement, the City may request in writing that the Authority confirm the City has so complied. If the Authority agrees that the City has complied, the Authority shall confirm that determination in writing to the City.

24. Neither the City nor the Authority will be deemed to be in violation of the Agreement by reason of the failure to perform any of its obligations hereunder to the extent that such failure is due to unforeseen circumstances, including strikes, acts of God, acts of court of competent

jurisdiction, weather conditions, riots, civil disobedience, fire, insurrection, war, or any similar circumstances for which neither the City nor the Authority is responsible and which neither the City nor the Authority control.

25. The person executing this Agreement on behalf of the City warrants and represents that he/she has the authority to execute this Agreement on behalf of the City and has the authority to bind the City to the performance of its obligation hereunder.

Authority:	City of Seaside:
Jonathan Shull, Chief Executive Officer California JPIA	John Dunn, City Manager City of Seaside
Date:	Date: 9/4/15

City of Seaside

Performance Improvement Plan Matrix

No.	Due Date	Responsible Person	Area	Performance Standard	Status
1	10/07/15	City Council	Risk Management	City council to adopt the performance improvement agreement by resolution no later than thirty days after its adoption by the Authority's Executive Committee.	Not Started
2	11/07/15	City Manager	Risk Management	Meet with Authority staff no later than 30 days after the adoption of the performance improvement plan to establish timelines for completion of the city's LossCAP Action Plan. Dates for completion for all items shall not be beyond the term of the performance improvement plan.	Not Started
3	Ongoing	City Council	Human Resources	Hire an outside interim city manager should the current city manager depart before his contracted departure date. The interim city manager shall remain in such role until the hiring of a permanent city manager.	Not Started
4	10/01/15	City Council	Human Resources	Form an independent body or panel of neighboring city managers to oversee the recruitment process of a permanent city manager and make hiring recommendations to the city council.	Not Started
5	12/01/15	City Council	Human Resources	Hire a permanent, full-time city manager, who has a demonstrated ability to manage the city, particularly with respect to its current and future challenges. It is expected that the successful candidate will have executive management experience of at least five years as a department director and three years as an assistant city manager or above. Candidate should be a member of ICMA in good standing.	Not Started
6	Ongoing	City Manager	Human Resources	Submit to the Authority for review and approval any proposed adverse personnel action (discipline) before it is administered to any employee of the city.	Not Started
7	Ongoing	City Manager	Human Resources	Notify the Authority of all anticipated internal investigations (for non-police and police employees) within 10 days of starting such investigations and the reason for such investigations. All investigations must be completed in a timely fashion. The city is required to provide quarterly updates on all internal investigations until they are completed.	Not Started

8	Ongoing	City Manager	City Management	Meet quarterly with Authority staff in order to review the status and progress of the city's performance improvement plan. Quarterly dates to be established after the adoption of the performance improvement plan.	Not Started
9	Ongoing	City Manager	Human Resources	Notify the Authority immediately of any complaints that involve allegations of harassment, discrimination, retaliation, or police misconduct. City is required to submit a plan of action in writing to the Authority no later than 30 days from receipt of the allegation as to how the city will respond to the complaint. The Authority will review and approve the plan of action.	Not Started
10	12/31/15	City Council	Risk Management	All executive team members are required to complete training on team building, harassment, and coaching as identified and provided by the Authority no later than 60 days after the adoption of the performance improvement plan.	Not Started

The city is required to notify the Authority via the city attorney of any personnel changes involving the city manager or police chief during the term of the performance improvement plan.

CALIFORNIA
J · P · I · A

August 25, 2016

Mr. Craig Malin
City Manager
City of Seaside
440 Harcourt Avenue
Seaside, CA 93955-4708

Dear Mr. Malin:

Re: Performance Improvement Plan Dissolution

On behalf of the Executive Committee and staff of the California JPIA, I would like to congratulate the City of Seaside for its risk management efforts in complying with the intent of the Performance Improvement Plan. I am pleased to share that at its August 24, 2016 meeting, the Executive Committee approved the City of Seaside's removal from its Performance Improvement Plan, and the plan was dissolved.

The Executive Committee and Authority staff intend to continue to provide their ongoing support to the City as it continues to improve in the areas of risk management and governance; and to the completion of its action items determined by its Risk Management Evaluations and as stated the Loss Control Action Plan.

Sincerely,

Jonathan Shull
Chief Executive Officer

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
8081 MOODY STREET, LA PALMA, CA 90623 TEL (562) 467-8700 FAX (562) 860-4992