



Memorandum

TO: Making Government Work Better
Committee

FROM: Scott P. Johnson

**SUBJECT: PROPOSED CHANGES TO
THE CITY'S INVESTMENT
REPORTING**

DATE: March 2, 2004

Approved

Date

RECOMMENDATION

It is recommended that the Making Government Work Better Committee recommend to the City Council that it adopt a resolution to revise the City of San José Investment Policy to change the frequency of the investment reporting as follows:

- From the current monthly detailed reporting format to a quarterly report;
- An abbreviated monthly investment report to be distributed electronically to the City Council.

Both reports will be available to the public in an electronic format on the City's website.

BACKGROUND

As part of its work plan for the six months beginning January 2004, the Making Government Work Better (MGWB) Committee has requested a quarterly report from the Finance Department on the City's investment activity. A summary of investment activity highlighting the investment activity for the quarter ended December 31, 2003 was presented to the MGWB Committee on February 11, 2004.

The Finance Department also recommended that the MGWB Committee recommend to the City Council that the frequency of the City's investment reporting change from monthly to quarterly. During these discussions, the MGWB Committee directed staff to review the feasibility of providing the Council with an abbreviated monthly report that could be distributed electronically and be accessible to the public by placing it on the City's website.

Following the discussion by the MGWB Committee, Finance staff has developed an abbreviated monthly report that can be distributed to the City Council electronically and placed on the City's website for public access. In addition, the detailed quarterly report can also be placed on the City's website for public access. The proposed new reporting requirements will significantly enhance the public's access and availability of the City's investment activity since the monthly

and quarterly reports will be placed on the City's website and the quarterly investment report will be reported out from the MGWB Committee agenda to the City Council.

ANALYSIS

As a means of streamlining the reporting of the City's investment performance while reducing preparation costs for the investment report, staff recommends that the City's Investment Policy requirement for the detailed reporting of investment activity be revised from monthly to quarterly, consistent with the State requirements. In addition, pursuant to discussions at the MGWB Committee regarding this change in reporting requirements, staff further expands the recommendation to include a requirement for an abbreviated monthly report to be distributed electronically to the City Council summarizing the highlights of the monthly investment activity with the following accompanying detailed reports:

Earned Income Summary

This report lists all investments in the City's portfolio as of the end of the month and shows the related earnings associated with each investment.

Broker Purchase Distribution

This report shows all purchase transactions for the reporting period by investment broker.

Investment Inventory with Market value

This report reflects the detail of all investments in the City's portfolio sorted by investment type (Treasury bills, Treasury Notes, Commercial Paper, LAIF, etc).

All of the reports noted above are distributed with the current monthly investment report. Both the abbreviated monthly and detailed quarterly reports to the City Council will be available on the City's internet site. The Finance Department will review the attached proposed abbreviated monthly report with the MGWB Committee at its March 10, 2004 meeting.

PUBLIC OUTREACH

N/A

COORDINATION

This report has been coordinated with the City Attorney's Office.

CEQA

Not a project.

SCOTT P. JOHNSON
Director, Finance Department