



Council Agenda Report

To: Mayor Grisanti and the Honorable Members of the City Council

Prepared by: Ruth F. Quinto, CPA, City Treasurer

Reviewed by: Lisa Soghor, Assistant City Manager

Approved by: Steve McClary, Interim City Manager

Date prepared: September 9, 2021 Meeting date: September 27, 2021

Subject: Certificate of Deposit

RECOMMENDED ACTION: Adopt Resolution No. 21-51 approving the purchase of a Certificate of Deposit (CD) with JP Morgan Chase Bank NA for a term of five years and seven months.

FISCAL IMPACT: There is no fiscal impact associated with the recommended action. The City will realize a gain when the CD matures in five years and seven months. The interest revenue will be reflected at that time in the City's annual budget and Comprehensive Annual Financial Report.

WORK PLAN: This item was not included in the Adopted Work Plan for Fiscal Year 2021-2022. This project is part of normal staff operations.

DISCUSSION: Historically, the City Treasurer has utilized CDs as a low-risk investment for portions of the City's reserves. In May 2021, the City deposited \$225,000 in a CD from JP Morgan Chase Bank NA. The term of the CD is five years and seven months with an annual yield of 0.99%. The City's Investment Policy states that investments that exceed five years in maturity require authorization by the City Council.

The purchase of this CD was prompted by a CD that had matured in early May 2021. The earnings on the replacement purchase were evaluated as compared to other options for a shorter maturity, as well as one day holdings in the County's investment Local Agency Investment Fund (LAIF). The LAIF rates have persisted at historic lows, approximately .33% as compared to the earning on the replacement CD at a rate of .99%. Nevertheless, the maturity of the replacement CD is seven months more than the

five-year maturity stated in the investment policy. This requirement was inadvertently overlooked prior to the purchase of the five year and seven months CD.

The City's accountant brought this to light, prompting the request for Council's approval.

On August 24, 2021, the Administration and Finance Subcommittee reviewed the terms of the CD purchased in May 2021 and recommended that the Council approve the acquisition of the CD for a term beyond five years.

At this time, staff recommends that the City Council adopt Resolution No. 21-51 and approve the acquisition of the CD for a term beyond five years.

ATTACHMENTS: 1) Resolution No. 21-51

RESOLUTION NO. 21-51

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU APPROVING THE ACQUISITION OF A CERTIFICATE OF DEPOSIT FROM JP MORGAN CHASE BANK IN THE AMOUNT OF \$225,000 FOR A TERM OF FIVE YEARS AND SEVEN MONTHS

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

A. Historically, the City Treasurer has utilized a Certificate of Deposit (CD) as a low risk investment for portions of the City's reserves.

B. In May 2021, the City deposited \$225,000 in a CD from JP Morgan Chase Bank NA that has a five year and seven month term and an annual yield of 0.99%.

C. The City's Investment Policy states that investments that exceed five years in maturity require authorization by the City Council.

SECTION 2. The City Council does approve the acquisition of a CD in May 2021 in the amount of \$225,000 for a term of five years and seven months at an annual yield of 0.99%.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED this 27th day of September 2021.

PAUL GRISANTI, Mayor

ATTEST:

KELSEY PETTIJOHN, City Clerk
(seal)

APPROVED AS TO FORM:

THIS DOCUMENT HAS BEEN REVIEWED
BY THE CITY ATTORNEY'S OFFICE

JOHN COTTI, Interim City Attorney