



# CITY COUNCIL AGENDA STATEMENT



November 17, 2020

File ID: 20-0456

## **TITLE**

INVESTMENT REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2020

## **RECOMMENDED ACTION**

Council receive the report.

## **SUMMARY**

Transmitted herewith is the City's investment report for the quarter ended September 30, 2020. To meet the reporting requirements set forth in the California Government Code Sections 53600 et seq. and the City of Chula Vista Investment Policy and Guidelines, a separate report was distributed to the City Council in October.

## **ENVIRONMENTAL REVIEW**

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

The total cash and investment portfolio held by the City as of September 30, 2020 was \$400,429,203 and total cash and investments held by the trustees was \$47,854,344.

The cash and investments held by the City include the following components: Managed Investment Portfolio (\$281,467,475), State of CA Local Agency Investment Fund (\$74,448,587), County of San Diego Pooled Investment Fund (\$15,963,179), Cash/Time Deposits (\$26,817,527), and accrued interest on investment (\$1,732,435). Cash and investments held by the City and the trustees continue to be invested in accordance with the Government Code and the Council Investment Policy as adopted by Resolution 2020-024 on February 18, 2020.

During the quarter, twenty-eight investments matured totaling \$62,490,000. A portion of the funds from the matured investments were utilized to purchase three municipal bonds (\$4,525,000). The balance of the

funds was transferred to other accounts which include: State of California Local Agency Investment Fund (\$28,000,000); County of San Diego Investment Pool (\$5,000,000); and Bank of America (\$25,100,000). The funds transferred to the City's Bank of America account were used to prepay the Miscellaneous Employees CalPERS Unfunded Accrued Liability payment (\$13,504,695) with the balance utilized to cover citywide operating expenditures (\$11,595,305).

Two-year Treasuries yielding 0.16% at the beginning of the quarter ended lower at the end of the quarter at 0.13%, which was a decrease of 3 basis points for the quarter. The City's investment portfolio continued to outperform the two-year treasury yield this quarter.

As of September 30, 2020, the Weighted Yield to Maturity on the Managed Investment Portfolio was 2.22%, which was a decrease of 9 basis points from the previous quarter.

At the end of this quarter, the Weighted Average Maturity of the Managed Investment Portfolio was 2.35 years, which was an increase from 2.28 the previous quarter and is within the Council Policy.

The Federal Open Market Committee (FOMC) meets approximately every six weeks and determines the level of the Federal Funds Rate. At both their July 29 and September 16 meetings, the FOMC voted to maintain the Federal Funds Rate target range at its current level of 0.00% to 0.25%.

As you are aware, the United States remains immersed in the coronavirus pandemic with rising infection rates in multiple states. The following excerpts are from the statement issued by the FOMC following their September 16 meeting. "...The COVID-19 pandemic is causing tremendous human and economic hardship across the United States and around the world. Economic activity and employment have picked up in recent months but remain well below their levels at the beginning of the year. Weaker demand and significantly lower oil prices are holding down consumer price inflation. Overall financial conditions have improved in recent months, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. The path of the economy will depend significantly on the course of the virus. The ongoing public health crisis will continue to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term..."

Finance staff continued to manage the portfolio and work with multiple brokers/dealers for investment purchases throughout the quarter. Ongoing portfolio management activity will continue to be performed in-house by the Director of Finance and finance staff. There is no further activity to report on other than routine investments by the City's Finance Department.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

### **CURRENT-YEAR FISCAL IMPACT**

Considering the projected timing of cash receipts and disbursements and the structure of the Pooled Investment Portfolio, the City should be able to comfortably meet overall cash flow needs over the next six months. There is no direct fiscal impact by this action.

### **ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact by this action.

### **ATTACHMENTS**

1. Summary of Cash and Investments as of September 30, 2020
2. Investment Report for the Quarter Ended September 30, 2020

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