



# CITY COUNCIL AGENDA STATEMENT



November 27, 2018

File ID: 18-0529

## **TITLE**

INVESTMENT REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

## **RECOMMENDED ACTION**

Council (accept/hear) the report.

## **SUMMARY**

Transmitted herewith is the City's investment report for the quarter ended September 30, 2018. 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 Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" in accordance with Section 15378(b)(5) of the State CEQA Guidelines because it involves only acceptance of the Quarterly Investment Report; therefore it is an organizational or administrative activity of government that will not result in a direct or indirect physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

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

Not Applicable.

## **DISCUSSION**

The total cash and investment portfolio held by the City as of September 30, 2018 was \$278,480,040 and total cash and investments held by the trustees was \$122,108,205.

The cash and investments held by the City are composed of the following components: Managed Investment Portfolio (\$218,341,403), State of CA Local Agency Investment Fund (\$1,680,352), County of San Diego Pooled Investment Fund (\$33,252,222), Cash/Time Deposits (\$23,864,209), and accrued interest on investment (\$1,341,854). 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 2018-090 on May 22, 2018.

During the quarter, ten investments matured totaling \$19,900,000. In order to maximize investment earnings, \$60,000,000 was transferred from the County of San Diego Pooled Investment Fund to the Bank of New York Mellon Custodial Cash Account. An additional \$5,000,000 was transferred from the City's Bank of America main account to the Bank of New York Mellon Custodial Cash Account. The funds from the matured investments and funds transfer to Bank of New York Mellon were utilized to purchase twenty-seven new securities. Those new investment purchases include: two supranationals (\$8,000,000); one commercial paper (\$4,500,000); three U.S. Treasury bonds (\$12,000,000); nine federal agency bonds (\$28,944,000); and twelve corporate notes (\$33,900,000).

Public Financial Management (PFM), the City's investment advisor, continued to monitor the portfolio and make recommendations throughout the quarter. However, the company was given a 30-day termination notice on August 30, 2018. Ongoing portfolio management activity will 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 fiscal agents.

In September, the Federal Open Market Committee (FOMC) raised the federal funds rate target range by a quarter of a percent to a new range of 2.00% to 2.25%. An additional rate increase is anticipated before the end of the year.

Two-year Treasuries yielding 2.53% at the beginning of the quarter ended higher at the end of the quarter at 2.82%, which was an increase of 29 basis points for the quarter.

As of September 30, 2018, the Weighted Yield to Maturity on the Managed Investment Portfolio was 2.17%, which was an increase of 38 basis points from the previous quarter.

At the end of this quarter, the Weighted Average Maturity of the Managed Investment Portfolio was 1.38 years, which is an increase from 1.05 the previous quarter and is within the Council Policy.

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

Staff has determined that the action contemplated by this item is ministerial, secretarial, manual, or clerical in nature and, as such, does not require the City Council members to make or participate in making a governmental decision, pursuant to California Code of Regulations Title 2, section 18704(d)(1). Consequently, this item does not present a 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.

### **LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The investment portfolio supports the Operational Excellence goal as it seeks to maintain the safety and liquidity of the City's cash while contributing investment earnings to the bottom line.

### **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**

Summary of Cash and Investments as of September 30, 2018  
Investment Report for the Quarter Ended September 30, 2018

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