



# CITY COUNCIL AGENDA STATEMENT



September 10, 2019

File ID: 19-0415

## **TITLE**

INVESTMENT REPORT FOR THE QUARTER ENDED JUNE 30, 2019

## **RECOMMENDED ACTION**

Council receive the report.

## **SUMMARY**

Transmitted herewith is the City's investment report for the quarter ended June 30, 2019. 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 July.

## **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 June 30, 2019 was \$372,119,348 and total cash and investments held by the trustees was \$104,405,776.

The cash and investments held by the City are composed of the following components: Managed Investment Portfolio (\$291,856,053), State of CA Local Agency Investment Fund (\$51,135,044), County of San Diego Pooled Investment Fund (\$10,629,419), Cash/Time Deposits (\$16,055,924), and accrued interest on investment (\$2,442,907). 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 2019-086 on May 21, 2019.

During the quarter, eight investments matured totaling \$26,500,000. In order to maximize investment earnings, \$31,600,000 was transferred from the City's Bank of America checking account to Bank of New York Mellon and used for investment purchases. In addition, \$15,000,000 in short term excess cash was

transferred from Bank of America to the State of California Local Agency Investment Fund (LAIF) in order to maximize interest earnings on those funds. The funds from the matured investments and transfers from Bank of New York Mellon were utilized to purchase thirty-nine new securities. Those investment purchases include: twenty certificates of deposit (\$4,958,000); sixteen federal agency bonds (\$44,000,000); and three corporate notes (\$10,282,000).

Finance staff continued to manage the portfolio and work with multiple brokers/dealers for investment purchases throughout this 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.

In June, the Federal Open Market Committee (FOMC) decided to maintain the Fed Funds target range at 2.25% to 2.50%. The Committee will closely monitor the implications of incoming information for the economic outlook and will act as appropriate in determining the timing and size of future adjustments to the target range for the federal funds rate.

Two-year Treasuries yielding 2.27% at the beginning of the quarter ended lower at the end of the quarter at 1.75%, which was a decrease of 52 basis points for the quarter.

As of June 30, 2019, the Weighted Yield to Maturity on the Managed Investment Portfolio was 2.62%, which was an increase of 4 basis points from the previous quarter. The City's investment portfolio continued to outperform the two-year treasury yield this quarter.

At the end of this quarter, the Weighted Average Maturity of the Managed Investment Portfolio was 2.10 years, which is an increase from 1.87 the previous quarter and is within the Council Policy.

#### **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 June 30, 2019
2. Investment Report for the Quarter Ended June 30, 2019

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