



CITY COUNCIL AGENDA STATEMENT



February 26, 2019

File ID: 19-0058

TITLE

INVESTMENT REPORT FOR THE QUARTER ENDED DECEMBER 31, 2018

RECOMMENDED ACTION

Council receive the report.

SUMMARY

Transmitted herewith is the City's investment report for the quarter ended December 31, 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 January.

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 December 31, 2018 was \$290,041,070 and total cash and investments held by the trustees was \$114,658,097.

The cash and investments held by the City are composed of the following components: Managed Investment Portfolio (\$250,758,000), State of CA Local Agency Investment Fund (\$1,689,482), County of San Diego Pooled Investment Fund (\$10,530,675), Cash/Time Deposits (\$25,097,088), and accrued interest on investment (\$1,965,825). 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, twelve investments matured totaling \$39,070,000. In order to maximize investment earnings, \$23,000,000 was transferred from the County of San Diego Pooled Investment Fund to the Bank of New York Mellon Custodial Cash Account and used to purchase higher yielding investments. An additional \$11,500,000 was transferred from the Bank of America checking account to Bank of New York Mellon. The funds from the matured investments and transfers to Bank of New York Mellon were utilized to purchase forty-one new securities. Those investment purchases include: eighteen certificates of deposit (\$4,445,000); ten corporate notes (\$30,009,000); seven federal agency bonds (\$20,216,000); and six municipal bonds (\$19,130,000).

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 December, the Federal Open Market Committee (FOMC) raised the federal funds rate target range by 0.25% to a new range of 2.25% to 2.50%. The Committee will continue to assess realized and expected economic conditions in determining the timing and size of future adjustments to the target range for the federal funds rate.

Two-year Treasuries yielding 2.81% at the beginning of the quarter ended lower at the end of the quarter at 2.48%, which was a decrease of 33 basis points for the quarter.

As of December 31, 2018, the Weighted Yield to Maturity on the Managed Investment Portfolio was 2.53%, which was an increase of 36 basis points from the previous quarter.

At the end of this quarter, the Weighted Average Maturity of the Managed Investment Portfolio was 1.98 years, which is an increase from 1.38 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

1. Summary of Cash and Investments as of December 31, 2018
2. Investment Report for the Quarter Ended December 31, 2018

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