



# CITY COUNCIL AGENDA STATEMENT



September 11, 2018

File ID: 18-0392

## **TITLE**

INVESTMENT REPORT FOR THE QUARTER ENDED JUNE 30, 2018

## **RECOMMENDED ACTION**

Council (accept/hear) the report.

## **SUMMARY**

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

### Environmental Notice

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.

## **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 June 30, 2018 was \$297,110,769 and total cash and investments held by the trustees was \$161,297,511.

The cash and investments held by the City are composed of the following components: Managed Investment Portfolio (\$152,906,427), State of CA Local Agency Investment Fund (\$1,672,416), County of San Diego Pooled Investment Fund (\$92,862,912), Cash/Time Deposits (\$48,593,604), and accrued interest on investment (\$1,075,409). 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 \$18,071,000. Thirteen purchases were made to replace those investments and invest idle cash. Purchased investments include: one certificate of deposit issued by Bank of Nova Scotia (\$2,500,000); three corporate notes issued by Morgan Stanley (\$1,200,000), John Deere Capital Corp (\$680,000), and Bank of America (\$1,500,000); two asset-backed securities issued by Honda (\$1,800,000) and Ally (\$1,100,000); and seven commercial paper issued by JP Morgan (\$1,500,000), Credit Agricole (\$1,500,000), BNP Paribas (\$1,500,000), MUFG Bank (\$3,000,000), Dexia Credit (\$3,000,000) and (\$1,500,000), and Canadian Imperial (\$1,200,000). Public Financial Management (PFM), the City's investment advisor, continues to monitor the portfolio and will make recommendations as financial and economic conditions warrant. There is no further activity to report on other than routine investments by the City's fiscal agents.

In June, the Federal Open Market Committee (FOMC) raised the federal funds target rate by a quarter of a percent to a new range of 1.75% to 2.00%. Two more rate increases are anticipated for the second half of 2018.

Two-year Treasuries yielding 2.27% at the beginning of the quarter ended higher at the end of the quarter at 2.53%, which was an increase of 26 basis points for the quarter.

As of June 30, 2018, the Yield to Maturity at Cost on the Managed Investment Portfolio was 1.79%, which was an increase of 17 basis points from the previous quarter.

At the end of this quarter, the weighted average maturity of the Managed Investment Portfolio was 1.05 years, which is a decrease from 1.17 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 June 30, 2018
2. PFM Investment Report for the Quarter Ended June 30, 2018

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