



City of Chula Vista

Staff Report

File#: 15-0179, **Item#:** 7.

INVESTMENT REPORT FOR THE QUARTER ENDED MARCH 31, 2015

RECOMMENDED ACTION

Council accept the report.

SUMMARY

Transmitted herewith is the City's investment report for the quarter ended March 31, 2015. 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 April.

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 RECOMMENDATION

Not Applicable

DISCUSSION

As of March 31, 2015, total cash and investments held by the City was \$225,156,940 and total cash and investments held by trustees was \$71,790,823.

The cash and investments held by the City are composed of the following components: Cash/Time Deposits (\$35,235,353), Managed Investment Portfolio (\$113,885,000), State of CA Local Agency Investment Fund (\$36,577,478) and County of San Diego Pooled Investment Fund (\$39,459,109). 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 2015-041 on March 3, 2015.

During the quarter, two investments totaling \$4.0 million were redeemed by the issuers prior to their maturity dates. Three purchases were made to replace those investments. Purchased investments include a U.S. Treasury Note (\$1 million) and two corporate notes issued by Wells Fargo (\$1.5 million) and American Honda Finance Corp (\$1.5 million). 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.

The Federal Open Market Committee (FOMC) continues to maintain the key Fed Funds rate at a target range of 0.00% to 0.25% in hopes of stimulating the economy. Two-year Treasuries yielding 0.67% at the beginning of the quarter ended slightly lower at the end of the quarter at 0.60%.

As of March 31, 2014, the Yield to Maturity at Cost on the Managed Investment Portfolio was 0.93%, which is a small increase of 0.03% from the previous quarter.

At the end of this quarter, the weighted average maturity of the Managed Investment Portfolio was 2.41 years which is a small decrease from 2.58 of 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 500-foot rule found in California Code of Regulations section 18704.2 (a)(1), is not applicable to this decision. 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 will 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 March 31, 2015
PFM Investment Report for the Quarter Ended March 31, 2015

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