

FINANCE & TECHNOLOGY

DATE: September 14, 2020

TO: Michael Coon, Finance & Technology Director
Alex McIntyre, City Manager
City Council

FROM: Jennifer Rowe, Treasury Manager

SUBJECT: Investment Report for Month End August 31, 2020


RECOMMENDATION:

Staff recommends that the City Council review and accept the attached Investment Report.

BACKGROUND/ANALYSIS:

The attached investment report provides information on the City's investment portfolio. The investment portfolio is managed to provide security of City assets and liquidity of funds to meet cash flow requirements, while maximizing investment earnings within the constraints of the approved Investment Policy. All funds are invested in compliance with Government Code Sections 53600 et seq. and with the City's Investment Policy. There are sufficient funds available to meet funding requirements during the next six-month period.

The total value of the City's cash and investments portfolio for all funds as of this date is listed below. Staff has expanded the reporting to include all bond proceeds not managed locally: cash held at the Bank of NY (BNY) and other Public Agency Pooled investments. The projected annual income from the portion managed by the City is \$1,736,216.

 Comprehensive Statement of Cash & Investments	FY 19-2020		FY20-2021		
	June		July		August
	30-Jun-2020	31-Jul-2020	31-Jul-2020	31-Aug-2020	31-Aug-2020
JPMorganChase	\$ 95,024,810	\$ 77,714,080	\$ 77,714,080	\$ 75,277,587	\$ 75,277,587
BNY Custody Account	-	-	-	-	-
BNY - LAIF - Enterprise Bond Proceeds	18,417,339	15,006,158	15,006,158	14,692,056	14,692,056
BNY - LAIF - Gov't Bond Proceeds	2,905,950	3,149,883	3,149,883	2,195,635	2,195,635
LAIF - PFFA	3,250,568	3,262,428	3,262,428	3,262,428	3,262,428
Public Agency Pooled Investments -LAIF, CalTrust, VTA Co	75,507,913	85,747,652	85,747,652	95,748,077	95,748,077
Total Cash	\$ 195,106,579	\$ 184,880,200	\$ 184,880,200	\$ 191,175,783	\$ 191,175,783
US Treasury Notes	10,108,350	9,596,290	9,596,290	7,582,515	7,582,515
US Agency Bonds	45,183,033	38,916,253	38,916,253	32,877,940	32,877,940
Other US Agency Loan Pool/Supranationals	2,542,820	2,538,045	2,538,045	2,533,530	2,533,530
Corporate Bonds s/b 20-30%	23,297,938	21,396,490	21,396,490	20,849,259	20,849,259
Municipal Bonds	10,464,799	10,495,754	10,495,754	10,211,411	10,211,411
Certificates of Deposit	9,490,748	9,235,629	9,235,629	9,214,103	9,214,103
	101,087,688	92,178,460	92,178,460	83,268,758	83,268,758
Total Cash & Investments	\$ 296,194,267	\$ 277,058,660	\$ 277,058,660	\$ 274,444,541	\$ 274,444,541



JPMorgan Chase Beginning Balance

Deposits
Receipts - Ventura County
Receipts - Measure O
Transfers Received
Total Receipts
Expenses
Payroll
Debt Payments
Transfer to Custody
Transfer to Public Agency Pooled Investments -LAIF, CalTRUST, VTA Co
Total Disbursements

JPMorgan/Chase Ending Balance

BNY Mellon Custody Acct Beginning Balance

Transferred from Operating Account

Interest

Maturities

Purchases

Transfer back to Operating Account

Public Agency Pooled Investments - Beginning Balance

Transfers to Operating Account

Interest

Ending Balance

LAIF Water WW Fund - Beginning Balance

Net Change in accounts

Ending Balance

BNY Bond Proceeds - Enterprise Beg Balance

Net Change in accounts

Ending Balance

BNY Bond Proceeds - Gov't Funds Beg Balance

Net Change in accounts

Ending Balance

Liquid Cash Resources

Consolidated Beginning Balance

Receipts

Interest

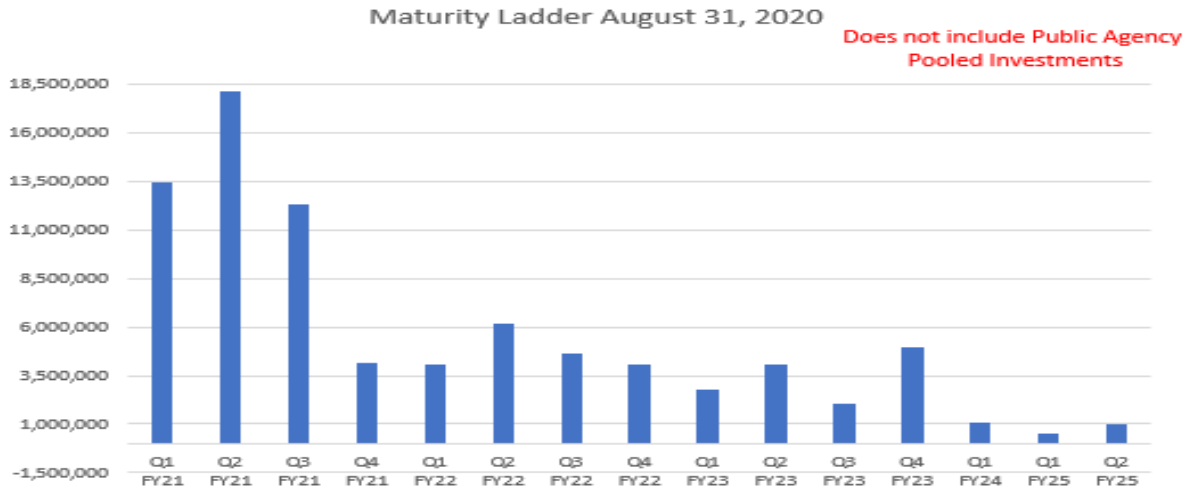
Transfers

Expenses

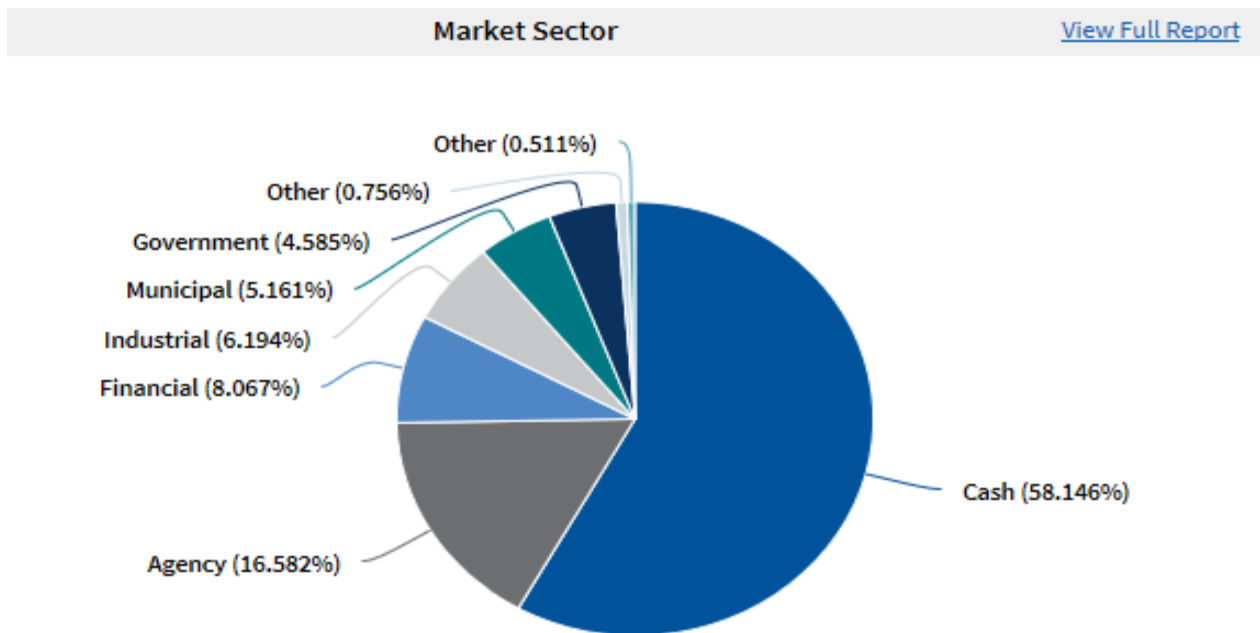
Ending Balance

	FY 19-2020		FY20-2021	
	June	July	August	
\$ 91,015,510	\$ 95,024,810	\$ 77,714,080		
\$ 10,807,748	\$ 14,725,622	\$ 12,642,877		
\$ 391,973	\$ 1,709,996	\$ 371,910		
\$ 857,068	\$ 1,187,120	\$ 1,244,943		
\$ 20,486,487	\$ 9,193,130	\$ 8,652,513		
\$ 32,543,276	\$ 26,815,869	\$ 22,912,242		
\$ (10,773,320)	\$ (28,136,003)	\$ (11,827,868)		
\$ (3,421,750)	\$ (4,818,898)	\$ (3,520,867)		
\$ (4,338,905)	\$ (1,171,698)	\$ -		
\$ -	\$ -	\$ -		
\$ (10,000,000)	\$ (10,000,000)	\$ (10,000,000)		
\$ (28,533,976)	\$ (44,126,599)	\$ (25,348,735)		
\$ 95,024,810	\$ 77,714,080	\$ 75,277,587		
\$ -	\$ -	\$ -		
\$ 258,487	\$ 213,130	\$ 213,095		
\$ 20,228,000	\$ 8,980,000	\$ 8,780,000		
\$ -	\$ -	\$ -		
\$ (20,486,487)	\$ (9,193,130)	\$ (8,993,095)		
\$ -	\$ -	\$ -		
\$ 65,507,729	\$ 75,507,913	\$ 85,747,652		
\$ 10,000,000	\$ 10,000,000	\$ 10,000,000		
\$ 184	\$ 239,739	\$ 425		
\$ 75,507,913	\$ 85,747,652	\$ 95,748,077		
\$ 3,250,568	\$ 3,250,568	\$ 3,262,428		
\$ -	\$ 11,860	\$ -		
\$ 3,250,568	\$ 3,262,428	\$ 3,262,428		
\$ 14,765,957	\$ 18,417,339	\$ 15,006,158		
\$ 3,651,382	\$ (3,411,181)	\$ (314,102)		
\$ 18,417,339	\$ 15,006,158	\$ 14,692,056		
\$ 2,647,393	\$ 2,905,950	\$ 3,149,883		
\$ 258,557	\$ 243,933	\$ (954,248)		
\$ 2,905,950	\$ 3,149,883	\$ 2,195,635		
\$ 177,187,156	\$ 195,106,579	\$ 184,880,200		
\$ 32,284,789	\$ 26,602,739	\$ 23,039,729		
\$ 258,670	\$ 464,729	\$ 213,520		
\$ -	\$ -	\$ (340,582)		
\$ (14,624,036)	\$ (37,293,847)	\$ (16,617,084)		
\$ 195,106,579	\$ 184,880,200	\$ 191,175,783		

The following is a series of charts that measure the various risk factors. The weighted average life (WAL) of the investment portfolio is 0.399 years, as broken down in the following chart. The City’s Investment Policy requires a WAL of no more than 2.5 years. This is a short to medium term portfolio, with nothing exceeding 5 years.



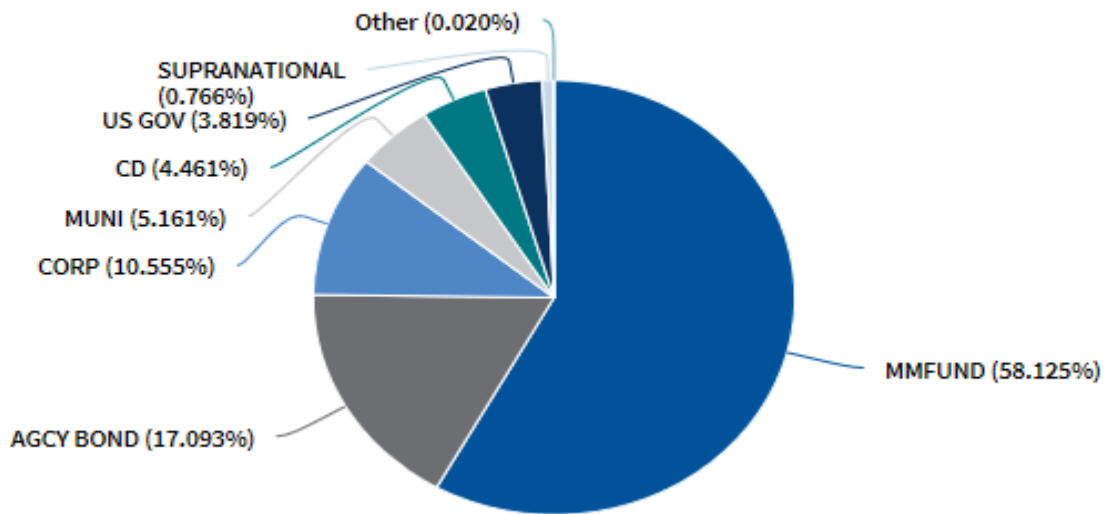
The following is the summary of investments in the portfolio, by market sector. This chart indicates a fixed income portfolio with minimal risk.



And, these are the investments reflecting the risk by security type. Given the concentration of governmental investment, the only potential exposure would be with the corporate investments. Those bonds have a credit rating of A- or better, according to the S&P rating system. The MMF category includes \$69.0 M at LAIF, \$20.0 M at CalTrust and \$10.0 M at Ventura County.

Security Type

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The following Heat Map reflects the credit risk of the portfolio. Credit risk is a measure of the issuer’s ability to satisfy the requirements of the bond. (i.e. default risk) Note the concentration of risk in AA and A rated investments, as measured by S&P. All investments are recognized as being investment grade. The items that are NA are Certificates of Deposits, with full FDIC protection.

Rating ^	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5
AAA	5.401%	0.260%	0.000%	0.000%	0.000%
AA	15.744%	4.082%	2.805%	0.000%	0.000%
A	5.933%	2.949%	1.981%	0.123%	0.381%
BBB	1.077%	0.620%	0.124%	0.123%	0.000%
BB	0.126%	0.000%	0.000%	0.000%	0.000%
B	0.000%	0.000%	0.000%	0.000%	0.000%
CCC	0.000%	0.000%	0.000%	0.000%	0.000%
CC	0.000%	0.000%	0.000%	0.000%	0.000%
C	0.000%	0.000%	0.000%	0.000%	0.000%
NA	0.251%	0.863%	0.739%	0.000%	0.000%

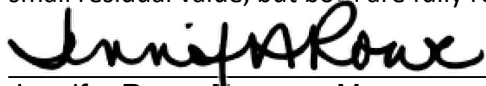
The following chart reflects the risk associated with issuer concentration. The “Other” category consists of corporate bonds, municipal bonds, and certificates of deposit. The City’s Statement of Investment Policy limits individual investments to 30% for a particular security type, with the exception of authorized pools such as LAIF, US Treasuries, and US Agencies. The “Other” category consists of many minor players in the portfolio.

Issuer Concentration		View Full Report
Issuer Concentration	% of Base Market Value + Accrued	
Other	33.357%	
(CSBMMF01) LAIF	32.973%	
(CSBMMF04) Ventura County	10.030%	
Farm Credit System	5.659%	
Federal Home Loan Banks	5.604%	
(CSBMMF03) LAIF CalTRUST	5.016%	
United States	4.330%	
Freddie Mac	3.030%	

This chart reflects the overview of the portfolio, and does not include the cash in the commercial accounts used for daily transactions.

Cash and Fixed Income Summary	
Risk Metric	Value
Cash	40,655.14
MMFund	115,898,165.90
Fixed Income	83,395,347.53
Duration	0.864
Convexity	-0.352
WAL	0.399
Years to Final Maturity	0.628
Years to Effective Maturity	0.399
Yield	0.604
Book Yield	0.780
Avg Credit Rating	A+/A1/A+

Please note that there are two assets included in our portfolio, but have no value on the City's books: Lehman Brothers and Washington Mutual. Both are included in these reports, because they still have a small residual value, but both are fully reserved.



 Jennifer Rowe, Treasury Manager