

FINANCE & TECHNOLOGY

DATE: October 5, 2020

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

FROM: Jennifer Rowe, Treasury Manager

SUBJECT: Investment Report for Month End September 30, 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 \$1,528,570.

	FY20-2021		
	July 31-Jul-2020	August 31-Aug-2020	September 30-Sep-2020
			
Comprehensive Statement of Cash & Investments			
JPMorganChase	\$ 77,714,080	\$ 75,277,587	\$ 90,428,482
BNY Custody Account	-	-	-
BNY - LAIF - Enterprise Bond Proceeds	15,006,158	14,692,056	14,736,330
BNY - LAIF - Gov't Bond Proceeds	3,149,883	2,195,635	2,195,653
LAIF - PFFA	3,262,428	3,262,428	2,286,428
Public Agency Pooled Investments -LAIF, CalTrust, VTA Co	85,747,652	95,748,077	95,748,484
Total Cash	\$ 184,880,200	\$ 191,175,783	\$ 205,395,377
US Treasury Notes	9,596,290	7,582,515	6,573,018
US Agency Bonds	38,916,253	32,877,940	23,340,360
Other US Agency Loan Pool/Supranationals	2,538,045	2,533,530	2,528,855
Corporate Bonds s/b 20-30%	21,396,490	20,849,259	19,600,782
Municipal Bonds	10,495,754	10,211,411	9,271,475
Certificates of Deposit	9,235,629	9,214,103	8,950,937
	92,178,460	83,268,758	70,265,426
Total Cash & Investments	\$ 277,058,660	\$ 274,444,541	\$ 275,660,803



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 Agcy 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

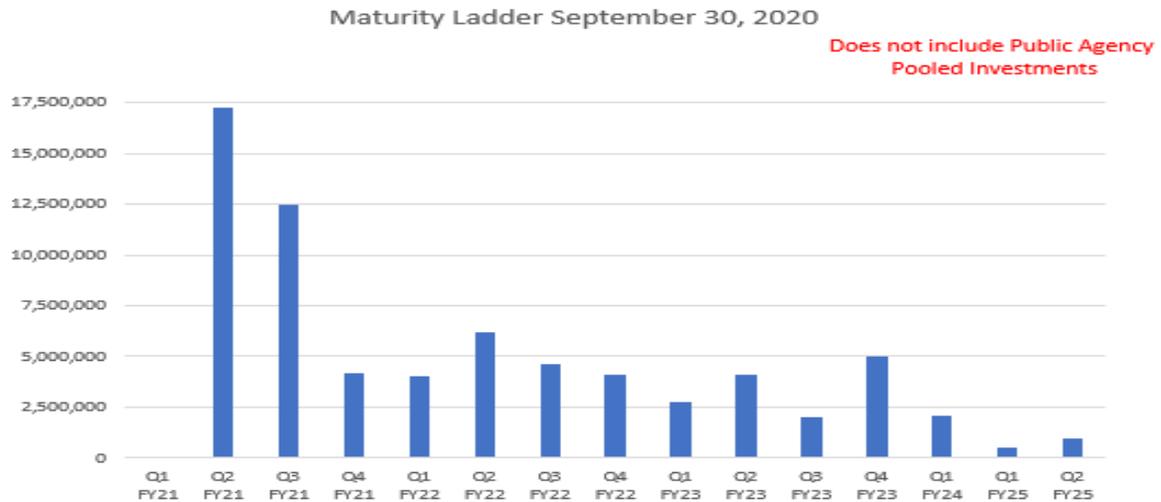
BNY Bond Proceeds - Enterprise Beg Balance
 Net Change in accounts
Ending Balance

BNY Bond Proceeds - Gov't Funds Beg Balance
 Net Change in accounts
Ending Balance

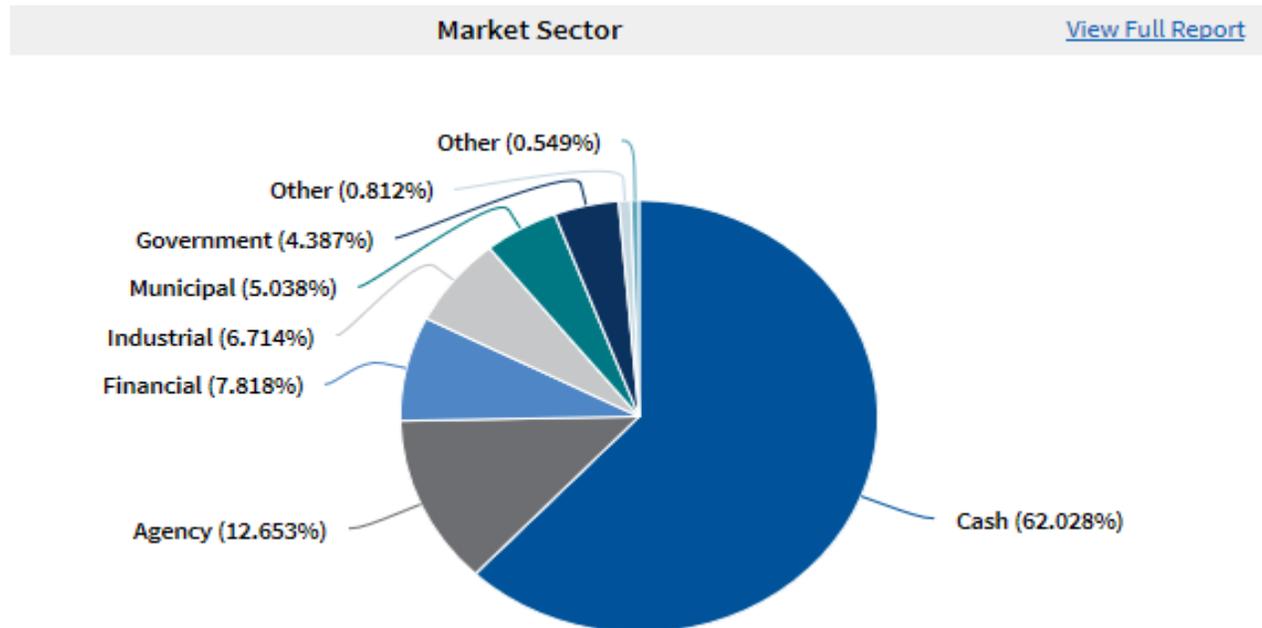
Liquid Cash Resources
 Consolidated Beginning Balance
 Receipts
 Interest
 Transfers
 Expenses
Ending Balance

	FY20-2021		
	July	August	September
\$ 95,024,810	\$ 77,714,080	\$ 75,277,587	\$ 75,277,587
\$ 14,725,622	\$ 12,642,877	\$ 14,330,433	\$ 14,330,433
\$ 1,709,996	\$ 371,910	\$ 842,558	\$ 842,558
\$ 1,187,120	\$ 1,244,943	\$ 1,094,559	\$ 1,094,559
\$ 9,193,130	\$ 8,652,513	\$ 13,083,640	\$ 13,083,640
\$ 26,815,869	\$ 22,912,242	\$ 29,351,190	\$ 29,351,190
\$ (28,136,003)	\$ (11,827,868)	\$ (10,713,823)	\$ (10,713,823)
\$ (4,818,898)	\$ (3,520,867)	\$ (3,486,472)	\$ (3,486,472)
\$ (1,171,698)	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ (10,000,000)	\$ (10,000,000)	\$ -	\$ -
\$ (44,126,599)	\$ (25,348,735)	\$ (14,200,295)	\$ (14,200,295)
\$ 77,714,080	\$ 75,277,587	\$ 90,428,482	\$ 90,428,482
\$ -	\$ -	\$ -	\$ -
\$ 213,130	\$ 213,095	\$ 203,640	\$ 203,640
\$ 8,980,000	\$ 8,780,000	\$ 12,880,000	\$ 12,880,000
\$ -	\$ -	\$ -	\$ -
\$ (9,193,130)	\$ (8,993,095)	\$ (13,083,640)	\$ (13,083,640)
\$ -	\$ -	\$ -	\$ -
\$ 75,507,913	\$ 85,747,652	\$ 95,748,077	\$ 95,748,077
\$ 10,000,000	\$ 10,000,000		
\$ 239,739	\$ 425	\$ 407	\$ 407
\$ 85,747,652	\$ 95,748,077	\$ 95,748,484	\$ 95,748,484
\$ 3,250,568	\$ 3,262,428	\$ 3,262,428	\$ 3,262,428
\$ 11,860		\$ (976,000)	\$ (976,000)
\$ 3,262,428	\$ 3,262,428	\$ 2,286,428	\$ 2,286,428
\$ 18,417,339	\$ 15,006,158	\$ 14,692,056	\$ 14,692,056
\$ (3,411,181)	\$ (314,102)	\$ 44,274	\$ 44,274
\$ 15,006,158	\$ 14,692,056	\$ 14,736,330	\$ 14,736,330
\$ 2,905,950	\$ 3,149,883	\$ 2,195,635	\$ 2,195,635
\$ 243,933	\$ (954,248)	\$ 18	\$ 18
\$ 3,149,883	\$ 2,195,635	\$ 2,195,653	\$ 2,195,653
\$ 195,106,579	\$ 184,880,200	\$ 191,175,783	\$ 191,175,783
\$ 26,602,739	\$ 23,039,729	\$ 29,147,550	\$ 29,147,550
\$ 464,729	\$ 213,520	\$ (771,953)	\$ (771,953)
\$ -	\$ (340,582)	\$ -	\$ -
\$ (37,293,847)	\$ (16,617,084)	\$ (14,156,003)	\$ (14,156,003)
\$ 184,880,200	\$ 191,175,783	\$ 205,395,377	\$ 205,395,377

The following is a series of charts that measure the various risk factors. The weighted average life (WAL) of the investment portfolio is 0.408 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.



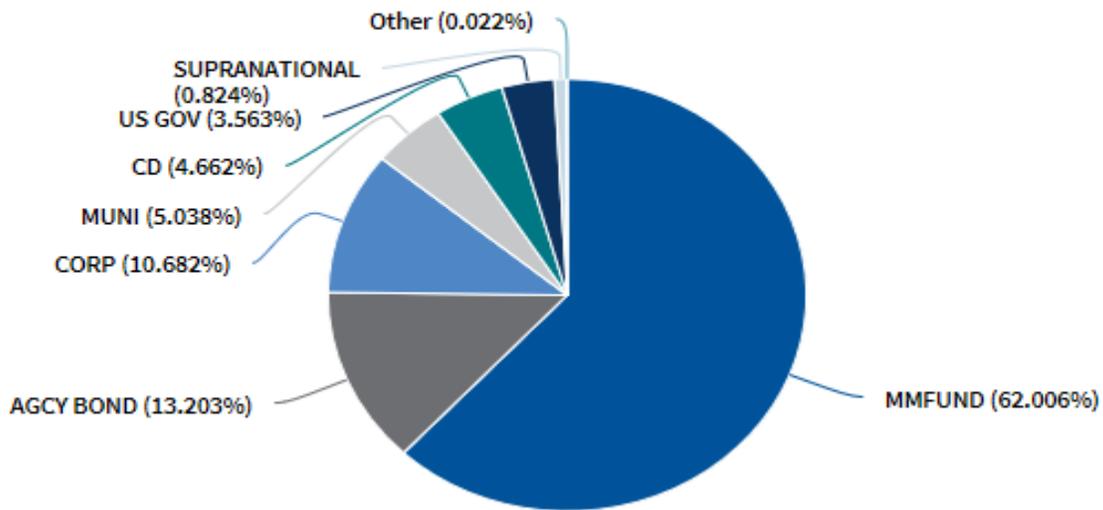
The following is the summary of investments in the portfolio, by market sector. This chart indicates a fixed income portfolio with minimal risk.



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 \$68.0 M at LAIF, \$20.0 M at CalTrust and \$10.0 M at Ventura County.

Security Type

[View Full Report](#)



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.

Credit Duration Heat Map					
Rating ^	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5
AAA	5.410%	0.279%	0.000%	0.000%	0.000%
AA	12.026%	3.301%	3.010%	0.000%	0.000%
A	4.517%	4.213%	2.322%	0.541%	0.000%
BBB	0.617%	1.203%	0.132%	0.133%	0.000%
BB	0.134%	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	0.270%	0.927%	0.796%	0.000%	0.000%

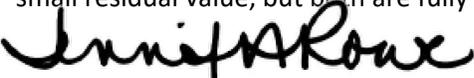
The following chart reflects the risk associated with issuer concentration. The “Other” category consists of corporate bonds, municipal bonds, and certificates of deposit. The City’s Statement of Investment Policy limits individual investments to 30% for a particular security type, with the exception 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	
(CSBMMF01) LAIF	35.460%	
Other	32.477%	
(CSBMMF04) Ventura County	10.787%	
(CSBMMF03) LAIF CalTRUST	5.394%	
Farm Credit System	5.263%	
United States	4.113%	
Federal Home Loan Banks	3.297%	
(S86808160) SAN BUENAVENTURA	3.210%	

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	40,653.58
MMFund	114,966,459.59
Fixed Income	70,344,354.74
Duration	0.980
Convexity	-0.024
WAL	0.408
Years to Final Maturity	0.558
Years to Effective Maturity	0.408
Yield	0.614
Book Yield	0.727
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