



Legislation Text

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Resolution Approving City of San Leandro Investment Report, Period Ending March 31, 2022

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council review and approve the City investment report for the quarter ending March 31, 2022.

BACKGROUND

The purpose of the City of San Leandro Investment Report is to inform the City Council of the City's investment portfolio status as of the end of the quarter, March 31, 2022. The City's Investment Policy Statement requires this quarterly reporting on specific investments, amounts invested with approved institutions, and purchase and maturity dates and interest yields.

Chandler is providing the Investment Report in an updated format beginning this quarter. This layout used with most cities is more exhaustive and well accepted. The report now includes an economic update, more detailed account and portfolio summaries, and enhanced portfolio performance presentation.

DISCUSSION

As of March 31, 2022, the City's investment portfolio had a market value of \$193.9 million, \$15.6 million higher than the prior quarter, December 31, 2022. The increase was mainly due to payments from the county for Secured Property tax (\$2,400,000) and Residual (Redevelopment) Property tax (\$1,200,000), Business License renewal revenue (\$3,800,000), and grant reimbursements (\$3,000,000).

\$85.4 million of the total market value was placed with the Local Agency Investment Fund (LAIF) and bank accounts. \$108.5 million was placed in the Chandler Asset Management portfolio.

The rate of return for cash deposits (LAIF and bank balances) at the end of the quarter was 0.35%, while the average book yield for the Chandler managed funds was 1.15%. The cash deposit return was 0.15% higher than the previous quarter, while the Chandler return was 0.04% lower. LAIF's investment (85% of cash deposits) rate reflects a snapshot in time (the quarterly apportionment rate), while Chandler's reflects the performance of the portfolio over the entire quarter.

The City's investment policy establishes criteria for the standard for portfolio performance. The Chandler managed fund criteria are compared with the ICE Bank of America 1-3-year US Treasury and Agency Index. This index is an unmanaged index tracking performance of direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years. The benchmark for Average Market Yield for the period ending March 31 is 2.18%. Chandler managed funds yield for the period is 1.95%.

Amounts invested with LAIF are liquid; funds can be withdrawn with minimal notice as City operations

may require. The rate of return earned by LAIF follows fixed income security rates.

Chandler Asset Management manages the balance of the portfolio having a market value of \$108.5 million, 56% of the total portfolio. These investments range from one to almost five years to maturity, with the average maturity at 1.84 years (a shorter duration than on December 31, 2021).

The report notes that the City is in compliance with all provisions of the City's Investment Policy and the City can meet its cash obligations during the next six-months. Chandler's strategy is gradually lengthening the average maturity of the portfolio to gain higher interest rates.

ATTACHMENTS

Attachment A - Resolution

Attachment B - Investment Report, prepared by Chandler Asset Management

PREPARED BY

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