



Legislation Text

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Calendar Year 2023, Fourth Quarter City of San Leandro Investment Report Update

CITY COUNCIL PRIORITY

- Fiscal Sustainability and Transparency

SUMMARY

City of San Leandro Investment Report for the quarter ending December 31, 2023 is for information only.

RECOMMENDATION

Staff recommends the City Council Finance Committee review the City's Investment Report for the quarter ending December 31, 2023.

BACKGROUND

The purpose of the City of San Leandro Investment Report is to inform the City Council of the investment portfolio status as of the quarter ending, December 31, 2023. The City's Investment Policy Statement requires quarterly reporting on specific investments, amounts invested with approved institutions, purchases, maturity dates and interest yields.

Analysis

CITY INVESTMENT REPORT

As of December 31, 2023, the City's investment portfolio had a market value of \$222,353,000, which is \$9,683,000 higher than the prior quarter, ending on September 30, 2023. The increase was mainly receipt from Alameda County in December (\$19,739,000) for the first installment of Secured Property Tax, the VLF Swap, and Special Assessments. A total of \$33,001,000 of the market value was placed with the Local Agency Investment Fund (LAIF) and other bank accounts. The Chandler Asset Management portfolio totaled \$189,352,000 on the same date.

The rate of return for cash deposits (LAIF and bank balances) at the end of the quarter was 1.06%, while the average book yield for the Chandler managed funds was 3.42%. The cash deposit return was 0.95% lower than the previous quarter, while the Chandler return was 0.19% higher. LAIF's investment (56% of cash deposits) return reflects a snapshot in time (the quarterly apportionment rate), while Chandler's shows 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 December 31 was 4.37%. Chandler managed funds yield was 4.63%.

Amounts invested with LAIF are liquid, funds can be withdrawn with minimal notice as City operations may require.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 85% of the portfolio with a market value of \$189,352,000. These investments range from one to almost five years to maturity, with the average maturity at 1.84 years (lower than the 2.07 duration as of September 30, 2023).

The report notes 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:** Investment Report, prepared by Chandler Asset Management
- **Attachment B:** Investment Report, Presentation

PREPARED BY

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