



Legislation Text

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Staff Report for Resolution Accepting the Investment Report for the Quarter Ended September 30, 2013

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council adopt the resolution accepting the attached investment report for the quarter ended September 30, 2013.

BACKGROUND

At September 30, 2013, the City's investment portfolio had a market value of \$80.6 million. Of this total, \$46.9 million was placed with the Local Agency Investment Fund (LAIF) and bank accounts and \$33.6 million was placed in the Chandler Asset Management portfolio. On January 31, 2012 the Redevelopment Agency LAIF accounts were closed as a result of the dissolution of the San Leandro Redevelopment Agency. These funds were transferred to the City's Economic Development Agency LAIF account in the amount of \$9.3 million. Subsequently, the Economic Development Agency LAIF account has been transferred to a new Successor Agency LAIF account established during the quarter ended June 30, 2012. The balance in this new account is \$2.8 million and has decreased since January 31, 2012 due to debt repayments.

The rate of return for LAIF for the quarter was 0.26%, while the average book yield for the Chandler managed funds was 0.82%. The City's investment policy establishes three bases for the performance standard: the LAIF rate of return and the rate of return on 2-year and 5-year U.S. Treasury securities. Amounts invested in LAIF meet this performance standard. The Chandler managed funds average book yield was 0.82%, which exceeds the benchmark rate of return on the 2-year U.S. Treasury securities of 0.32%.

Amounts invested with LAIF are essentially liquid; funds can be withdrawn with minimal notice as City operations require. The rate of return earned by LAIF generally follows fixed income security rates.

The balance of the City's portfolio is with Chandler Asset Management. These investments range from one to four years in maturity. The attached report notes that the City is in compliance with all provisions of the City's Investment Policy. The basic strategy recommended by Chandler is to gradually lengthen the average maturity of the portfolio in order to gain higher interest rates. Staff is in agreement with this approach, and carefully monitors maturity dates to ensure that both short and long-term liquidity needs are met.

ATTACHMENTS

- Investment Report for Quarter Ended September 30, 2013 as submitted by Chandler Asset Management.

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