



Legislation Text

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Adopt a Resolution to Accept the 2022-2023 Third Quarter City of San Leandro Investment Report

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council adopt a resolution accepting the City Investment Report for the quarter ending March 31, 2023.

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, 2023. The City's Investment Policy Statement requires this quarterly reporting on specific investments, amounts invested with approved institutions, purchase and maturity dates, and interest yields.

DISCUSSION

As of March 31, 2023, the City's investment portfolio had a market value of \$229,012,000 which is \$21,319,000 higher than the prior quarter, December 31, 2022. The increase was mainly due to payments from the county for Secured Property tax (\$7,691,000) and Residual (Redevelopment) Property tax (\$1,400,000), Business License renewal revenue (\$4,413,000), and sale of City Marina property to Cal Coast (\$3,100,000).

Nearly \$75,636,000 of the total market value was placed with the Local Agency Investment Fund (LAIF) and bank accounts. A total of \$153,376,000 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 1.49%, while the average book yield for the Chandler managed funds was 2.40%. The cash deposit return was 0.4 percentage points lower than the previous quarter, while the Chandler return was 0.26 percentage points higher. LAIF's investment (52% 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 4.20%. Chandler managed funds yield for the period is 4.43%.

Amounts invested with LAIF are liquid; funds can be withdrawn with minimal notice as City operations may require.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 \$153,376,000, 67% of the total portfolio. These investments range from one to almost five years to

maturity, with the average maturity at 1.99 years (a longer duration than on December 31, 2022).

The report notes that the City follows all provisions of the City's Investment Policy and can meet its cash obligations during the next six months. Chandler's strategy is gradually lengthening the average maturity of the portfolio.

REVIEW BY FINANCE COMMITTEE

The 2022-2023 third quarter City of San Leandro investment report update was reviewed by the City Council Finance Committee on June 28, 2023. The Finance Committee unanimously recommended the report be moved to the City Council for acceptance.

ATTACHMENTS

- Attachment A - Resolution Accepting Investment Report for the Period Ending March 31, 2023.
- Attachment B - Investment Report, prepared by Chandler Asset Management

PREPARED BY

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