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Attachments: 1. A - Resolution Accepting Investment Report for the Period Ending September 30, 2023, 2. B - Investment Report for the Quarter Ended June 30, 2023, prepared by Chandler Asset Management

Date	Ver.	Action By	Action	Result
2/20/2024	1	City Council	Received and Filed	Pass

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

COUNCIL PRIORITY

- Fiscal Sustainability and Transparency

SUMMARY

City Investment Report for the third quarter of 2023 is for information only.

RECOMMENDATION

Staff recommends the City Council adopt a resolution accepting the City Investment Report for the quarter ended September 30, 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 first quarter, September 30, 2023. 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.

Analysis

As of September 30, 2023, the City's investment portfolio had a market value of \$212,670,000, which is \$30,705,000 lower than the prior quarter, ending June 30, 2023. The decrease was mainly due to budgeted transactions, including pre-payment of the CalPERS Annual Lump Sum Contribution amount (\$16,506,000) and contributions to the pension trust fund (\$9,580,000) during the quarter. Nearly \$28,189,000 of the total market value was placed with the Local Agency Investment Fund (LAIF) and bank accounts. A total of \$184,480,000 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 2.00%, while the average book yield for the Chandler managed funds was 3.23%. The cash deposit return was 0.49 percentage points higher than the previous quarter, while the Chandler return was 0.56 percentage points higher. LAIF's investment (56% 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 September 30 is 5.15%. Chandler managed funds yield for the period is 5.31%.

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 \$184,480,000, 87% of the total portfolio. These investments range from one to almost five years to maturity, with the average maturity at 2.07 years (a slightly higher duration than 1.96 years on June 30, 2023).

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.

Committee Review and Actions

- On January 31, 2024, the City Council Finance Committee reviewed the City Investment Report for the quarter ended September 30, 2023, and unanimously recommended the report be moved to the City Council for acceptance.

ATTACHMENTS

- **Attachment A:** Resolution Accepting the Investment Report for the Quarter Ended September 30, 2023
- **Attachment B:** Investment Report for the Quarter Ended September 30, 2023, prepared by Chandler Asset Management

PREPARED BY

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