



Legislation Text

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Staff Report for City of San Leandro City Council Resolution Approving the Investment Report for the Quarter Ended September 30, 2021

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council review and accept the investment report for the quarter ended September 30, 2021.

BACKGROUND

The purpose of the City Council Investment Report is to inform the City Council of the City's investment portfolio status as of the end of the quarter, September 30, 2021. The City's Investment Policy Statement requires this quarterly report on types of investments, amounts invested with approved institutions, purchase and maturity dates, and interest yields.

DISCUSSION

As of September 30, 2021, the City's investment portfolio had a market value of \$178,532,000 which is \$21,446,000 lower than the quarter ending June 30, 2021. The decrease was due to prepayment of the Fiscal Year (FY) 2021-22 unfunded liabilities to CalPERS (\$15,400,000), contractual payment to Alameda County Fire Department (\$4,700,000), and the annual contribution to the Pension Trust (\$1,500,000). \$57,110,000 of the total market value was placed with the Local Agency Investment Fund (LAIF) and bank accounts. \$111,323,000 was placed in the Chandler Asset Management portfolio.

The rate of return for LAIF at the end of the quarter was 0.24%, while the average book yield for the Chandler managed funds was 1.21%. The LAIF return was 0.09 percentage points lower than in the first quarter, while the Chandler return dropped 0.14 percentage points. LAIF's investment 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 three criteria as a performance standard, the LAIF rate of return and the rates for both 2-year and 5-year U.S. Treasury securities. Amounts invested in LAIF exceeded both standards. The Chandler managed funds average book yield was 1.21%, exceeding the benchmark rates of return on the 2-year U.S. Treasury Bill of 0.28% and the 5-year U.S. Treasury Note of 0.98%.

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 Funds can be withdrawn with minimal notice as City operations may require.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 \$111,323,000, 62% of the total portfolio. These investments range from one to five years to maturity, with the average maturity at 1.9 years (slightly shorter duration than on June 30, 2021).

The report notes that the City follows 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.

PREPARED BY

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