



Agenda Item Staff Report

To: Honorable Mayor and Members of City Council
For the Meeting of September 24, 2024

From: Chris Constantin, City Manager

Prepared by: Michael O'Brien, Director of Administrative Services

Subject: Receive and File the August 2024 Investment Report

SUMMARY

Monthly Reporting for the City of San Dimas investment of idle funds and cash condition.

RECOMMENDATION

Staff recommends that the City Council:

- Receive and file Investment and Cash Condition report for the month of August 2024

FISCAL IMPACT

There is no fiscal impact for the recommended action.

DISCUSSION/ANALYSIS

It is the policy of the City of San Dimas to invest public funds in a manner that will provide an optimal combination of security and investment return while meeting the daily cash flow demands of the City and conforming to all State and local statutes governing the investment of public funds.

The priority objectives of the City's investment activities are as follows: Safety, liquidity and returns.

The City's investment portfolio as of August 31, 2024 maintained liquid cash in the amount of \$18,475,231.54 held between BMO Harris, the City and LAIF and the CALTRUST Liquidity Fund which amounts to just under 24% of the portfolio to provide the cash flow necessary for City payroll and operating expenditures as well as large capital project expenses and unforeseen emergencies that may occur come up throughout the year. The following chart displays the total investments and weighted average yield per investment category:

COLLATERALIZED, POOLED AND PUBLIC AGENCY INVESTMENTS	WEIGHTED AVG. YIELD	TOTAL INVESTMENT
BMO HARRIS - GENERAL ACCOUNT	0.00%	\$202,989.65
BMO HARRIS - MONEY MARKET ACCOUNT	4.50%	\$3,514,108.12
SAN DIMAS PETTY CASH - IMPREST FUNDS	0.00%	\$2,640.00
CALTRUST INVESTMENT LIQUIDITY FUNDS	5.39%	\$5,311,527.87
LOCAL AGENCY INVESTMENT FUND (LAIF) CA STATE TREASURER	4.58%	\$9,443,965.90
CALTRUST INVESTMENT PROGRAM-MEDIUM TERM-SHARES	4.19%	\$14,336,828.81
TOTAL OF ALL COLLATERALIZED, POOLED AND PUBLIC AGENCY ACCOUNTS	4.02%	\$32,812,060.35
INVESTMENTS PURCHASED THROUGH BROKERS	WEIGHTED AVG. YIELD	TOTAL INVESTMENT
GREAT PACIFIC SECURITIES CORPORATE & MUNICIPAL BONDS	4.71%	\$3,540,789.39
GREAT PACIFIC SECURITIES GOVERNMENT SPONSORED ENTERPRISE (GSE)	4.70%	\$248,175.00
TVI CORPORATE BONDS	1.95%	\$3,314,492.50
TVI U.S. TREASURY BILLS	3.24%	\$1,306,596.15
TVI NEGOTIABLE CERTIFICATES OF DEPOSIT	3.40%	\$1,975,000.00
STIFEL GOVERNMENT SPONSORED ENTERPRISES (GSE) AGENCY BONDS	4.43%	\$13,038,245.52
STIFEL COMMERCIAL & MUNICIPAL BONDS	3.80%	\$1,237,350.00
STIFEL TREASURY BILLS	5.22%	\$3,117,039.38
STIFEL NEGOTIABLE CD'S OF DEPOSIT	3.53%	\$18,623,876.00
TOTAL BROKER ACCOUNTS	3.99%	\$46,401,563.94
TOTAL OF ALL INVESTMENTS	4.20%	\$79,213,624.29

The City's Banking Services Provider BMO Harris provides a fully collateralized checking account whose funds are used to make cash payments for City payroll and operational expenses. The city performs daily bank reconciliations to assure adequate cash is held in the checking account for upcoming expenditures. Cash held in the account earns income credits that accumulate at a rate of .75% which offsets banking service charges that are charged each quarter to the city. As of June 10, 2024, the City opened a collateralized money market account BMO Harris.

Petty Cash is held at City facilities for cashiering purposes and to reimburse small dollar expenditures between \$0.01 and \$50.00.

The Local Agency Investment Fund (LAIF) is considered a Local Agency Investment Pool and acts much like a money market account. Funds can be deposited and withdrawn without penalty. The pool invests funds in short-term securities and can produce returns at rates like money markets but is considered more secure.

CALTRUST is a public agency that provides investment funds that are liquid, short term, and medium term. The assets held by CALTRUST are managed by State Street Global Advisors. Since the City first invested with CALTRUST in August of 2010, buying into the Medium-Term Fund. The City has made various contributions throughout the years as well as reinvested any accumulated interest earnings throughout the life of the fund.

In total the weighted average cost of investing in CALTRUST is \$9.99. Currently due to increasing interest rates driving market rates down for assets already held, the share price of the fund as of August 31, 2024, was \$9.89. Until interest rates decline to the point that share price would increase to \$9.99 or above, the city would be recognizing a loss on sale. However, the City could pull out funds at any time if liquidity needs arose.

Beginning in the month of January 2024, the City opened a liquid fund with CALTRUST which is not subject to market rate adjustments due to the type of investments utilized. The fund yielded 5.39% for the month of August, out yielding LAIF by .81%. The City intends to take advantage of the high yielding short term investments until yields are no longer inverted.

The City Treasurer also utilizes Brokers to purchase investment securities such as Government Sponsored Enterprises (Agency Bonds), Corporate Bonds, U.S. Treasuries and Negotiable CD's.

The investment policy and California Government Code Section 53600.3 allows the City to invest 30% of its portfolio in Certificates of Deposit and 20% of its portfolio in Corporate Bonds through Brokers. U.S. Treasuries and Government Sponsored Enterprises (Agency Bonds) have no investment limits; however, it is considered a best practice not to invest more than 5% in a single Government Sponsored Enterprises.

The following is a breakdown of the total invested in each type of investment along with its percentage of the portfolio:

INVESTMENTS BY TYPE		
Type	Amount	% of Portfolio
CHECKING & MONEY MARKET ACCOUNTS/CASH ON HAND	\$3,719,737.77	5%
LOCAL AGENCY INVESTMENT FUND (LAIF)	\$9,443,965.90	12%
CALTRUST	\$19,648,356.68	25%
GSE AGENCY BONDS	\$15,567,709.31	18%
COMMERCIAL BONDS	\$5,811,343.10	9%
U.S TREASURY BILLS	\$4,423,635.53	6%
NEGOTIABLE CERTIFICATES OF DEPOSIT	\$20,598,876.00	26%
<i>TOTAL OF ALL INVESTMENTS</i>	<i>\$79,213,624.29</i>	<i>100%</i>

Additionally, per the Investment Policy, the City has an established maturity matrix with the investment ranges as follows:

Maturity Range	Guideline Portfolio Percentage
1 Day to 1 Year	30% - 100%
1 Year to 3 Years	5% - 60%
3 Years to 5 Years	0% - 40%

The Cities current investment maturity range is as follows:

INVESTMENTS BY MATURITY		
Maturity Range	Amount	% of Portfolio
1 Day to 1 Yr.	\$ 43,968,702.67	57%
1 Yr. to 3 Yrs.	\$ 20,380,242.99	25%
3 Yrs. to 5 Yrs.	\$ 14,864,678.63	18%
<i>Total</i>	<i>\$ 79,213,624.29</i>	<i>100%</i>

The weighted average maturity for all City investments is 1.41 years, there are still a number of investments purchased before the height of the interest rates that when they mature could be replaced by higher yielding investments. However the federal reserve preparing to lower rates which has already lowered the yields for all investment types.

Specific details pertaining to the Cities investment names, CUSIP #'s, coupon and purchase yields, maturity dates, par and book values are included in the Investment and Cash Condition Report attachment.

ENVIRONMENTAL REVIEW

Pursuant to CEQA guidelines Section 15061 (b)(3), CEQA does not apply to this item because there is no potential for causing a significant effect on the environment. Therefore, no additional environmental review is needed at this time.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael O'Brien". The signature is fluid and cursive, with the first name "Michael" being more prominent than the last name "O'Brien".

Michael O'Brien
Director of Administrative Services

Attachments:

1. Investment and Cash Condition Report
2. Investment Authorization Forms