



CONSENT CALENDAR

Agenda Item # 3

AGENDA REPORT SUMMARY

Meeting Date: September 26, 2017

Subject: Quarterly Investment Portfolio Report – Quarter Ended June, 2017

Prepared by: Sharif Etman, Administrative Services Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Portfolio Mix Charts
2. Investment Policy Compliance Chart
3. Investment Performance Review Quarter Ended June 30, 2017

Initiated by:

Staff

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- None

Summary:

- This report presents the status of the City's investment portfolio through June 30, 2017. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM), the City's investment portfolio managers.

Staff Recommendation:

Receive the Investment Portfolio Report through June 30, 2017



Subject: Quarterly Investment Portfolio Report – Quarter Ended June 30, 2017

Purpose

These quarterly reports are presented to both the City Council and the Financial Commission to keep both bodies apprised as to the status of the City’s investment holding and demonstrate compliance with the City’s Investment Policy.

Background

A review of the Investment Portfolio Report Quarter Ended June 30, 2017 was presented and discussed by the Financial Commission.

Discussion/Analysis

The summary provided below presents the sum total of all City investment holdings. The City’s portfolio book value, excluding operating cash and bond holdings as of June 30, 2017, was ~~\$68,042,755.72,577,755.~~

As of June 30, 2017, ~~22.27%~~ of the City’s portfolio was placed in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage and Federal Farm Credit), ~~27.25%~~ in US Treasuries, and ~~20.44%~~ in medium-term corporate Notes, Commercial Paper and Certificate of Deposits, with the balance of ~~30.29%~~ in LAIF. This portfolio mix is illustrated as part of Attachment 1.

Full compliance with the City’s Investment Policy is monitored closely and on a per trade basis as illustrated in Attachment 2. In accordance with California Government Code 53646(b)(3), the City of Los Altos has the ability to meet its pool expenditure requirements for the next six months.

As part of these quarterly updates, a status report is prepared by PFM which is included as Attachment 3: Investment Performance Review for the Quarter Ended June 30, 2017. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF. This has been intentionally crafted to isolate the performance of the City’s independently managed investments. The total return of the portfolio since inception is 0.79%, which is highlighted on page 9, of the PFM Investment Review Report (Attachment 3).

Options

1. Receive the Investment Portfolio Report Quarter Ended June 30, 2017

Advantages: None

Disadvantages: None



Subject: Quarterly Investment Portfolio Report – Quarter Ended June 30, 2017

2. Do not receive the Investment Portfolio Report Quarter Ended June 30, 2017

Advantages: None

Disadvantages: None

Recommendation

The staff recommends Option 1.