



CONSENT CALENDAR

Agenda Item # X

AGENDA REPORT SUMMARY

Meeting Date: November 27, 2018

Subject: Quarterly Investment Portfolio Report – Quarter Ended September 30, 2018

Prepared by: Sarina Revillar, Financial Services Manager

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Portfolio Mix Charts
2. Investment Policy Compliance Chart
3. Investment Performance Review Quarter Ended September 30, 2018

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 September 30, 2018. 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 September 30, 2018



Subject: Quarterly Investment Portfolio Report – Quarter Ended September 30, 2018

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 September 30, 2018 was presented and discussed by the Financial Commission.

Discussion/Analysis

The summary provided below presents the total of all City investment holdings. The City’s portfolio book value, excluding operating cash and bond holdings as of September 30, 2018, was \$76,368,139.

As of September 30, 2018, 12.4% 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), 22.3% in US Treasuries, 11.2% in Asset-Backed Securities, and 17.8% in medium-term corporate Notes and Commercial Paper, 12% in Certificate of Deposits, with the balance of 24.3% 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 September 30, 2018. 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 0.77%, which is highlighted on page 10, of the PFM Investment Review Report (Attachment 3).

Options

1. Receive the Investment Portfolio Report Quarter Ended September 30, 2018

Advantages: None

Disadvantages: None



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2. Do not receive the Investment Portfolio Report Quarter Ended September 30, 2018

Advantages: None

Disadvantages: None

Recommendation

The staff recommends Option 1.