



# Investment Process

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PRESENTED TO THE CITY FINANCE COMMITTEE

MARCH 4, 2024

# Investment Advisory Services

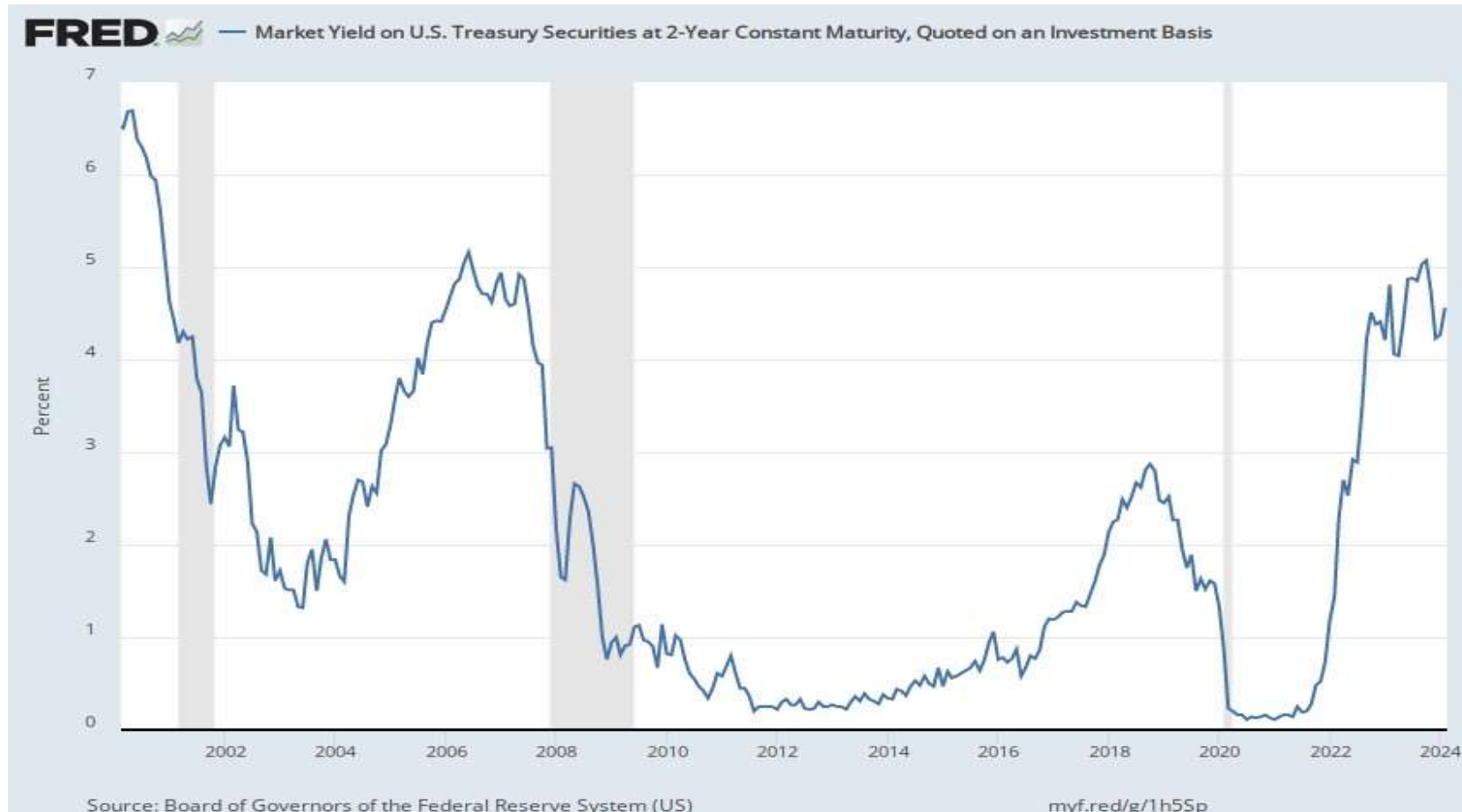
- Council approved Investment Advisory Services August 07, 2023
- Valley View Consulting, L.L.C.
- Two year agreement

# Investment Process

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- Review investment policy and eligible options
- Model cash flows to identify outflow months
- Discuss current market conditions and consider strategies
- Organize investment provider rate solicitations
- Facilitate settlements
- Generate monthly and quarterly investment reports
- Monitor portfolio and strategy performance

# Market Yield on U.S. Treasury Securities



# Investment Strategy Discussion

- Valley View Consulting L.L.L. will present their approach and portfolio recommendations



## Investment Strategy Discussion



March 4, 2024

# Valley View's Approach

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- Non-discretionary Investment Advisory services
- Process includes:
  1. Review Investment Policy and consider eligible options
  2. Model cash flows to identify outflow months/periods
  3. Discuss current market conditions and consider strategies
  4. Organize Investment Provider rate solicitation (Financial Institutions or Broker/Dealers)
  5. Compile solicitation results for City Investment Officer(s)
  6. Facilitate settlement
  7. Generate accounting and Quarterly Investment reports
  8. Monitor portfolio and strategy performance



# Portfolio Recommendations from 2021

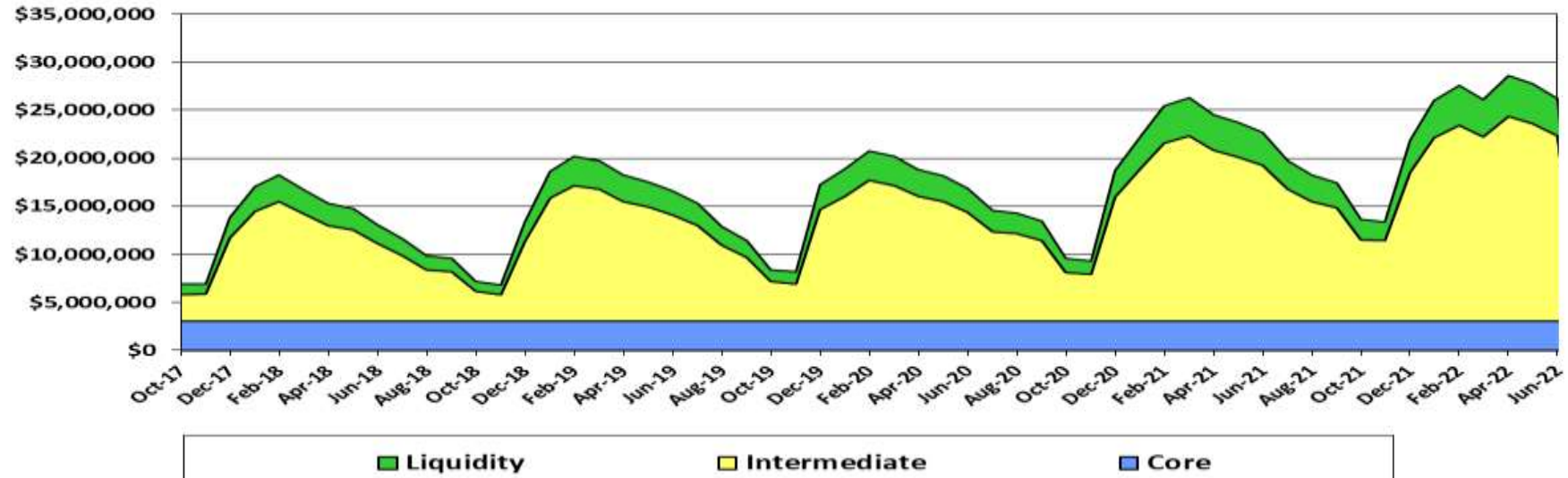
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- Limit cash and pool balances
  - Utilize higher yielding MMAs when capacity becomes available
  - Invest in short-term options for more liquid funds
- Maintain investment ladder
  - Invest early as tax revenue comes in
  - Many investors competing for limited investment options
- Market likely in a holding pattern for next two+ years
  - Consider any revenue shortfalls expected with COVID impact
  - Invest along two-year horizon

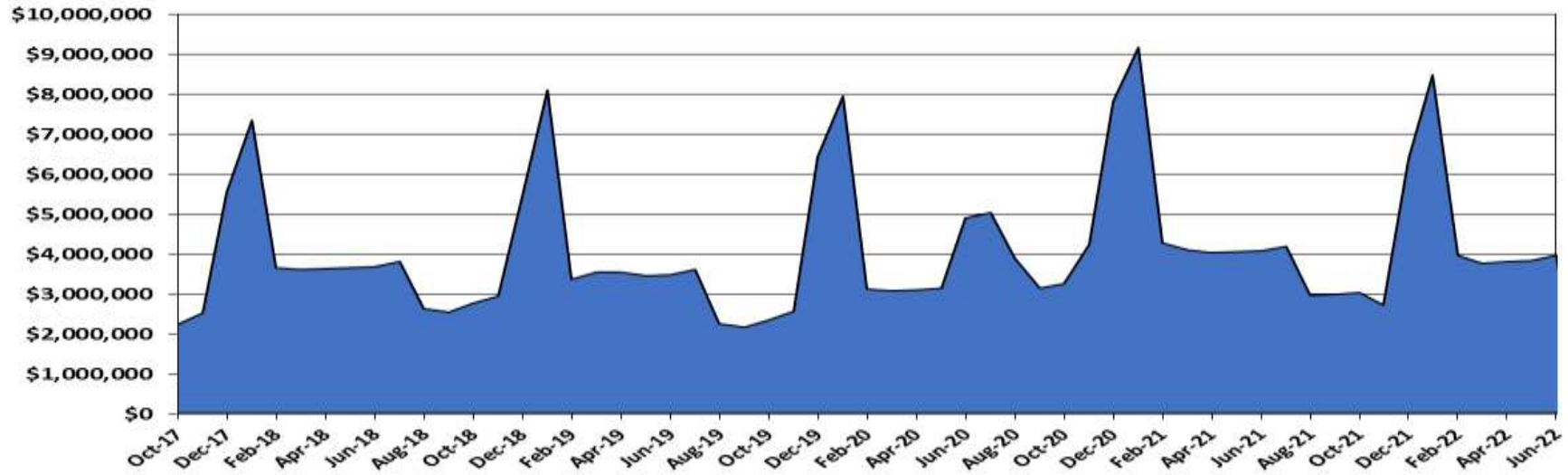


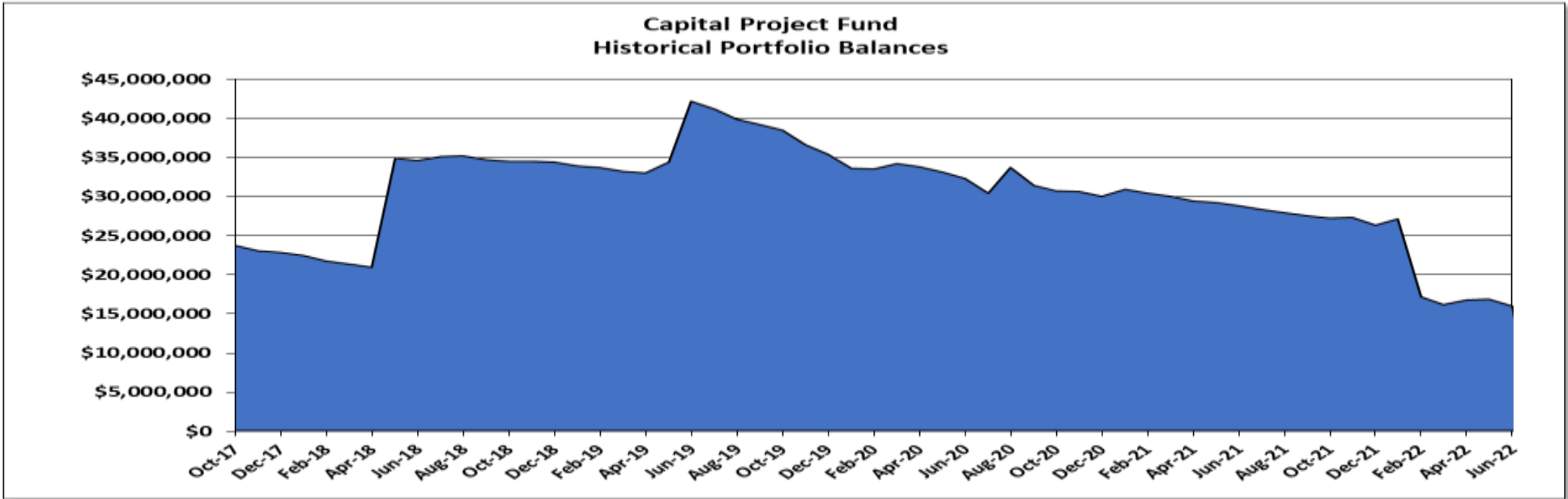
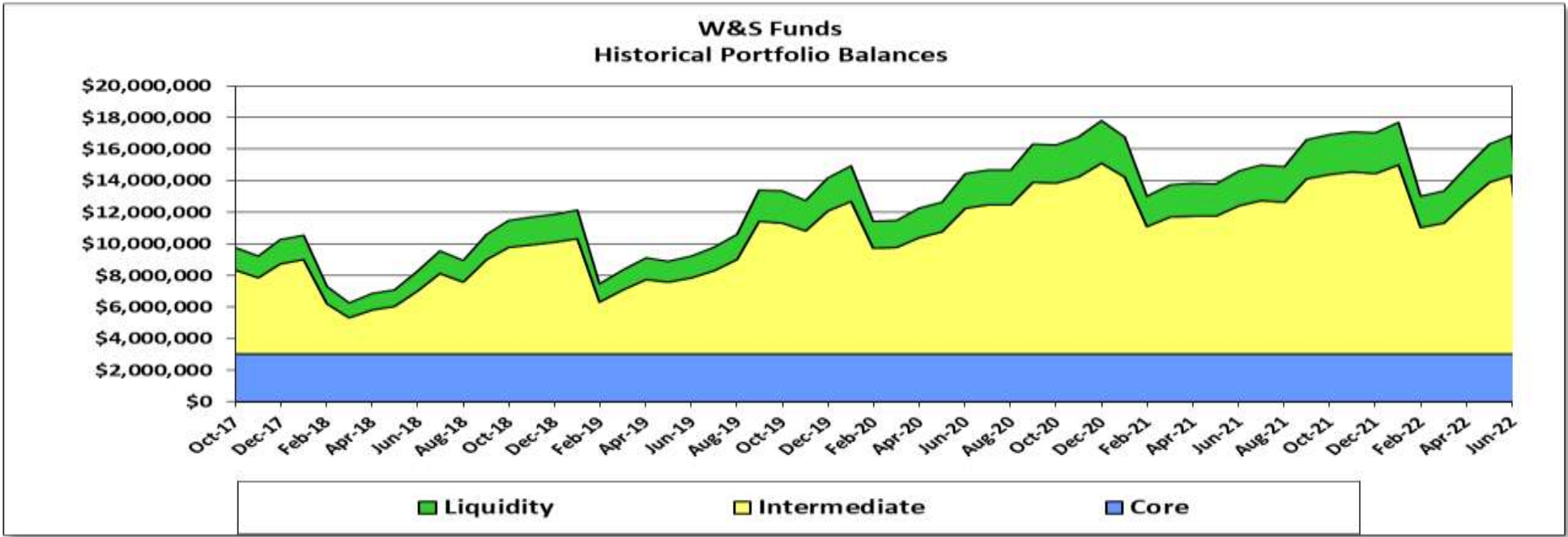


**General Fund  
Historical Portfolio Balances**

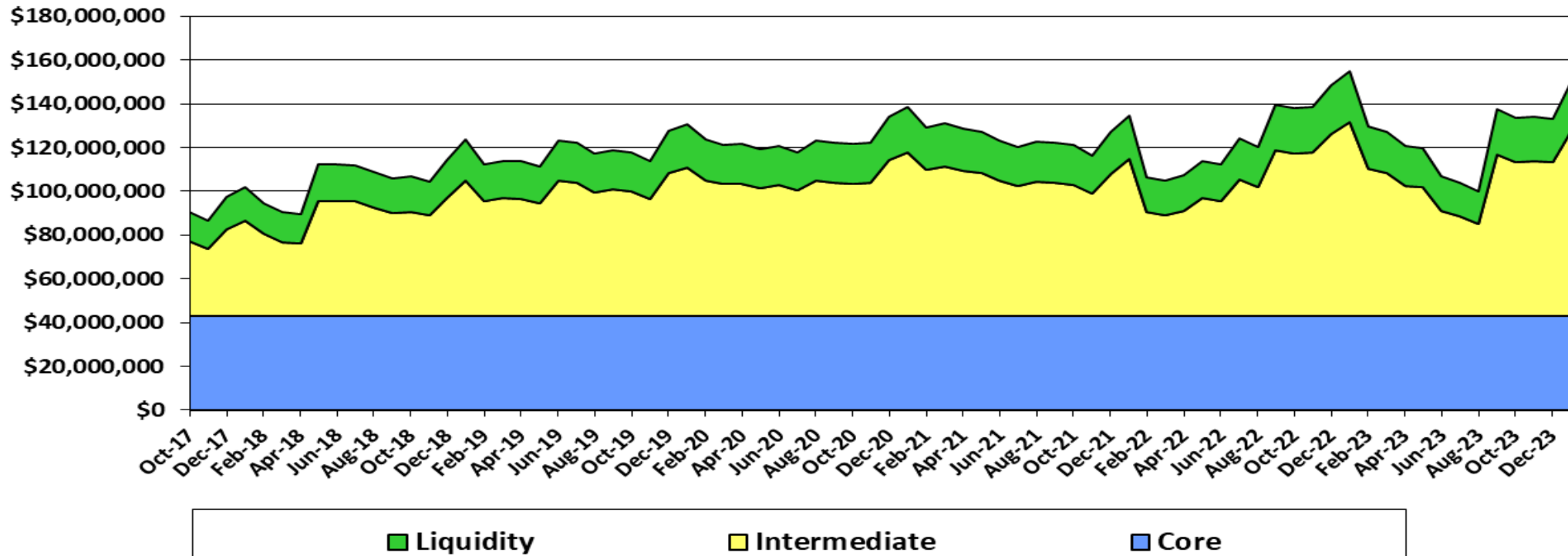


**Debt Service Fund  
Historical Portfolio Balances**

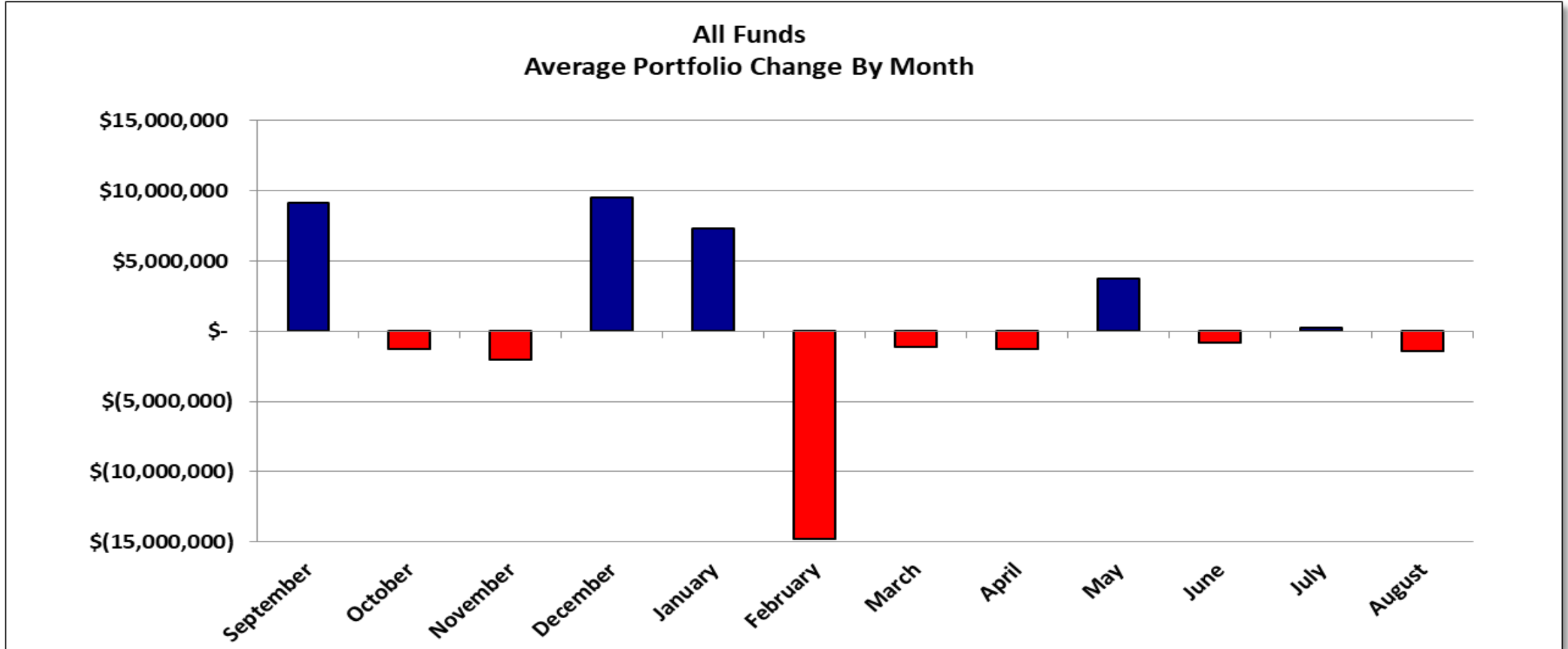




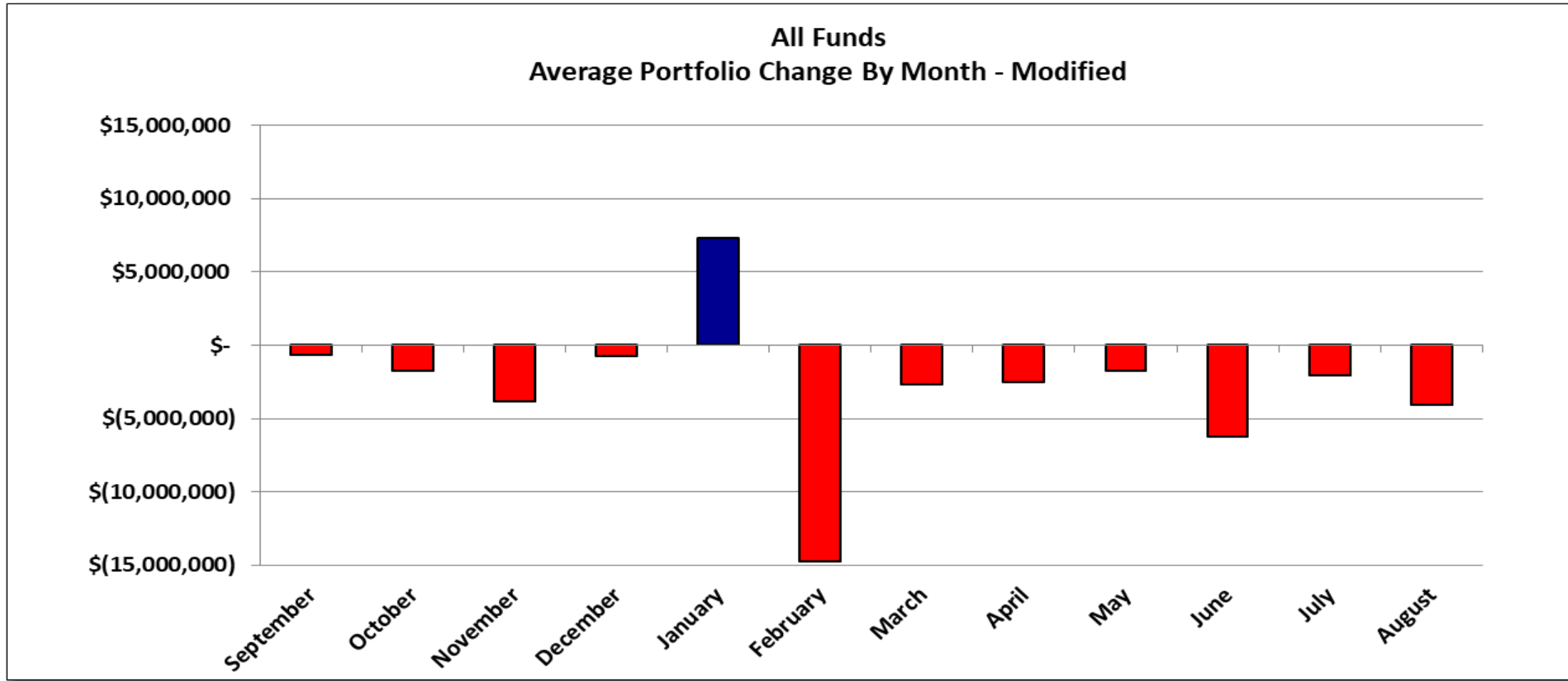
### All Funds Historical Portfolio Balances



True average change per month since October 2017



Modified average change per month since October 2017  
(removes positive outliers to overestimate average expenditures)



# Portfolio Recommendations On-going

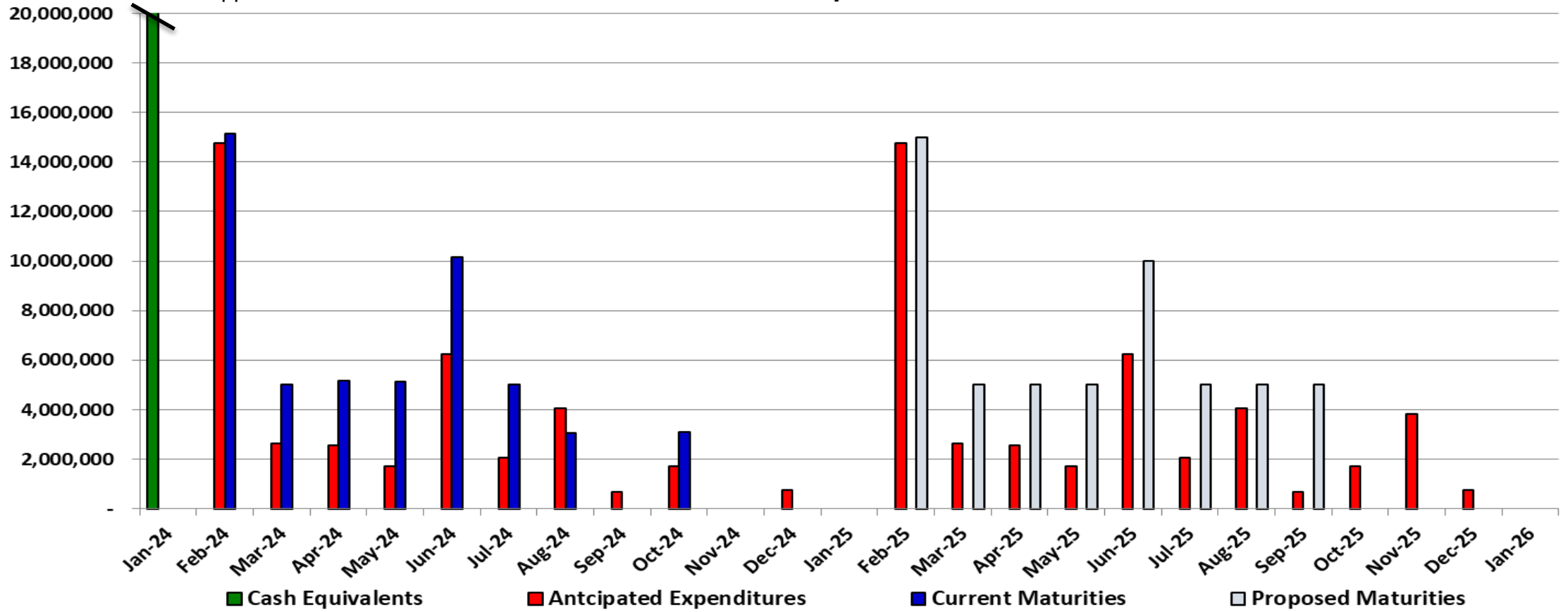
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- Limit cash and pool balances
  - Utilize higher yielding MMAs
- Maintain investment ladder
  - Invest now that tax revenue is collected
  - Place investments to match your cash flow needs
  - Can utilize fewer investments in larger blocks if needed
- Market has likely hit its peak and rates expected to fall
  - Strategy shifts to extending your ladder to lock-in longer term rates
    - Match investment maturities with cash flow needs of the City
  - Maintain investment routine



Cash balance at 1/31/24  
approx. \$92 million

### All Funds Portfolio with Proposed Maturities



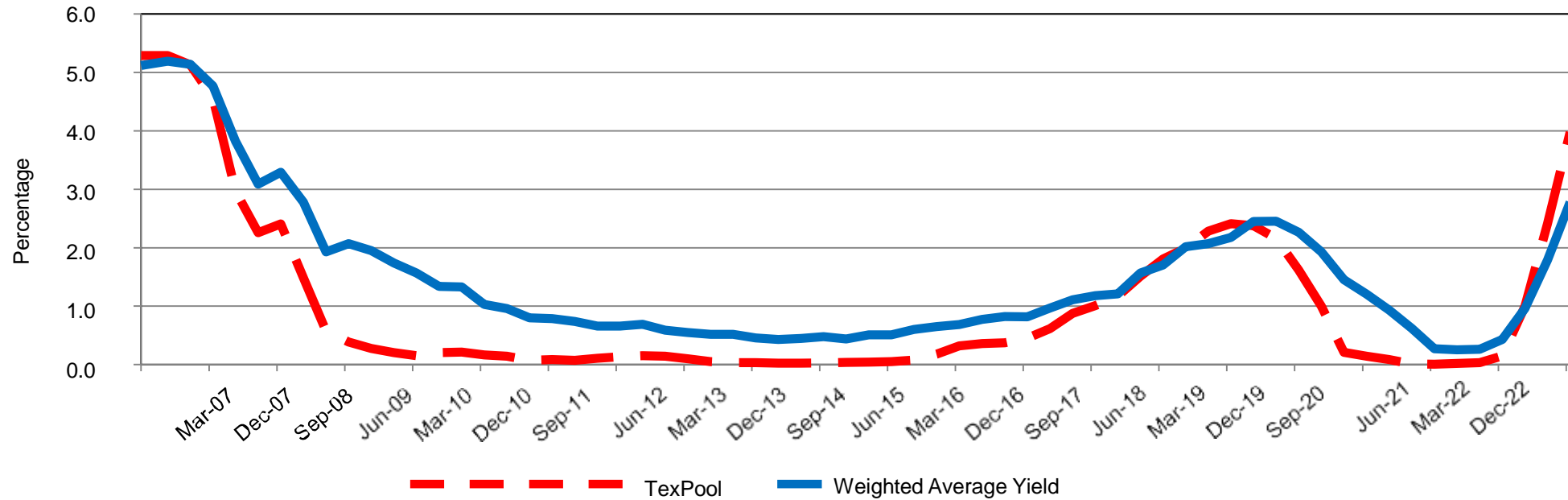
### Data utilized for previous chart

	<b>Antcipated Expenditures</b>	<b>Cash Equivalent</b>	<b>Current Maturities</b>	<b>Proposed Maturities</b>	<b>Estimated Revenue</b>	<b>Estimated Month End Cash Balance</b>
Jan-24		\$ 36,880,052				\$ 36,880,052
Feb-24	14,763,492		15,151,838			37,268,398
Mar-24	2,646,227		5,000,000			39,622,171
Apr-24	2,543,314		5,178,905			42,257,762
May-24	1,712,404		5,124,474			45,669,831
Jun-24	6,233,417		10,148,170			49,584,584
Jul-24	2,076,103		5,000,000			52,508,481
Aug-24	4,057,371		3,064,237			51,515,347
Sep-24	689,572					50,825,775
Oct-24	1,720,779		3,075,520			52,180,515
Nov-24	3,832,447		5,186,632			53,534,700
Dec-24	751,572				9,537,925	62,321,053
Jan-25	-				7,294,431	69,615,484
Feb-25	14,763,492			15,000,000		69,851,992
Mar-25	2,646,227			5,000,000		72,205,766
Apr-25	2,543,314			5,000,000		74,662,451
May-25	1,712,404			5,000,000		77,950,047
Jun-25	6,233,417			10,000,000		81,716,630
Jul-25	2,076,103			5,000,000		84,640,527
Aug-25	4,057,371			5,000,000		85,583,156
Sep-25	689,572			5,000,000		89,893,584
Oct-25	1,720,779					88,172,805
Nov-25	3,832,447					84,340,358
Dec-25	751,572				9,537,925	93,126,710
Jan-26	-				7,294,431	100,421,142
Feb-26	14,763,492					85,657,650
	<b>Maximum=2-years</b>					
	<b>TOTALS</b>	<b>\$ 36,880,052</b>	<b>\$ 56,929,774</b>	<b>\$ 55,000,000</b>		



# Example of performance throughout business cycles

Total Portfolio Performance



# Recommendation

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- Request the committee to consider the Valley View L.L.L., approach and portfolio recommendations as presented



# Questions, Comments & Direction

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