



STAFF REPORT

March 6, 2024
File Number 0490-55

SUBJECT

TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED DECEMBER 31, 2023

DEPARTMENT

City Treasurer

RECOMMENDATION

Request the City Council approve the Quarterly Investment Report for the quarter ended December 31, 2023.

Staff Recommendation: Approve (Douglas Shultz, City Treasurer)

Presenter: Douglas Shultz, City Treasurer

ESSENTIAL SERVICE – Yes, City Operations

COUNCIL PRIORITY –

FISCAL ANALYSIS

From October 1, 2023 to December 31, 2023, the City's investment portfolio increased from \$166 million to \$187 million. The adjusted average annual yield increased from 2.190 percent to 2.454 percent with the portfolio duration at 1.743 percent. Increased cashflows from various tax revenues that are generally higher during the 2nd quarter each year, and taking advantage of higher yield investments, specifically CAMP, account for the inflows for the quarter that resulted in an increase of \$21.2 million in the book value of the investment portfolio.

PREVIOUS ACTION

The Investment Report for the quarter ended September 30, 2023, was filed with the City Clerk's Office on October 31, 2023 and presented to the City Council on December 6, 2023.

BACKGROUND

The City of Escondido's ("City") Investment Policy requires the City Treasurer to submit a quarterly investment report to the City Council and City Manager. The quarterly investment report should include the type of investment, issuer, date of maturity, par and dollar amount invested, and market value for



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each security held by the City. Details of the City's investment portfolio are included in the attached reports that are listed below:

- Summary of Investment Allocation as of December 31, 2023 (Attachment "1")
- Summary of Investment Portfolio Yields for the last 12 months (Attachment "2")
- Schedule of Funds Managed by Outside Parties as of December 31, 2023 (Attachment "3")

The Investment Performance Review (attachment "4") provides a Market Update, the City's Portfolio Strategy and Performance, Issuer Distributions, Portfolio Distributions, and Portfolio Holdings. The Summary of Investment Allocation (attachment "1") and the Summary of Investment Portfolio Yield for the last 12 months (attachment "2") shows the total investment portfolio including funds in LAIF, CAMP, Stone Castle, and the City's money market account with BNY.

There are adequate funds to meet the next six-month's expected expenditures. As of December 31, 2023, the City complies with all requirements of the City's Investment Policy.

The increased cash flow has been and will continue to be deployed out on the investment maturity ladder, specifically targeting the next 3-5 years to lock in the current high rates in anticipation of short-term rates coming down in the near future. We continue to take advantage of CAMP's high interest rates, which allow us one of the highest yields in the market, while allowing the liquidity the City needs to maintain cash flows.

ATTACHMENTS

- a. Attachment "1" – Summary of Investment Allocation as of December 31, 2023
- b. Attachment "2" – Summary of Investment Portfolio Yields for the last 12 months
- c. Attachment "3" – Schedule of Funds Managed by Outside Parties as of December 31, 2023
- d. Attachment "4" – Investment Performance Review for the Quarter Ended December 31, 2023