



AGENDA REPORT SUMMARY

Meeting Date: November 28, 2023

Subject Quarterly Investment Portfolio Report – Quarter Ended September 30, 2023

Prepared by: Minh Nguyen, Senior Accountant

Reviewed by: June Du, Finance Director

Approved by: Gabriel Engeland, City Manager

Attachment(s):

1. Portfolio Mix Charts
2. Investment Policy Compliance Chart
3. LAIF Balance 09-30-23
4. LAIF Performance Over Time
5. CAMP Balance 09-30-23
6. PFM Investment Report Quarter Ended September 30, 2023

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, 2023. 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, 2023.

City Manager

GE

Reviewed By:

City Attorney

JH

Finance Director

JD



Subject: Quarterly Investment Portfolio Report – Quarter Ended September 30, 2023

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, 2023 was presented and discussed by the Financial Commission on November 20, 2023. The Financial Commission reviewed the Quarterly Investment Portfolio Report ending September 30, 2023, and had a brief discussion.

Discussion/Analysis

The summary provided below presents the sum of all City investment holdings. The City's portfolio par value and market value, including LAIF and CAMP but excluding operating cash, as of September 30, 2023, was \$67,482,285 and \$65,935,360 respectively. The City's operating cash, as of September 30, 2023, was \$3,412,122.

As of September 30, 2023, 19.3% of the City's portfolio was placed in medium-term Corporate Notes, 14.5% in Asset-Backed Securities, 0.8% in Supra-National Agency Bond, 3.4% in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage, and Federal Farm Credit), 3.3% in Certificate of Deposits, and 33.4% in US Treasuries, with the balance of 10.3% in LAIF and 15.1% in CAMP respectively. This portfolio mix is illustrated as part of Attachment 1 with LAIF balance and performance as Attachments 3 and 4 and CAMP balance as Attachment 5.

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 6: Investment Performance Review for the Quarter Ended September 30, 2023. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF and CAMP. This has been intentionally crafted to isolate the performance of the City's independently managed investments. The return of the portfolio over ten years is 1.07%, which is highlighted on page 16 of the PFM Investment Performance Review Report (Attachment 6).

Recommendation

Receive the Investment Portfolio Report Quarter Ended September 30, 2023