



# Agenda Report

**MEETING DATE:** Tuesday, January 25, 2022

**TO:** City Council

**FROM:** ADMINISTRATIVE SERVICES DIRECTOR CZERWIN  
Marissa Duran, Assistant Finance Director

**SUBJECT:** MOTION TO ACCEPT JULY 2021 THROUGH SEPTEMBER 2021  
INVESTMENT REPORT

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**STATEMENT OF ISSUES:**

The City Council is asked to accept the quarterly Investment Report.

**RECOMMENDED ACTION:**

It is recommended that the City Council, by motion, accept the Investment Report for the period of July 2021 through September 2021.

**DISCUSSION:**

The City's idle funds are invested to earn a competitive yield and to accommodate the City's need for liquidity. Investments of idle funds are only made in investment types/instruments approved by the Council. Every year in January, the Council re-adopts the City's Investment Policy. As shown on Table 1 below, the City's Investment Portfolio in September 2021 was 92.4 million dollars. Our current holdings include: City Investments, Street Assessments, LAIF and CAMP.

The City portfolio includes: the California Asset Management Program (CAMP). This Program has been around since 1989 and has been serving the investment needs of public agencies. CAMP is a pool, which is a short-term cash reserve portfolio and cash management vehicle. The investment is AAA rated by Standard & Poor's. They offer same-day liquidity, competitive yield, and monthly interest payments and zero out of pocket expenses. The City's current investment in CAMP is in the amount of \$19.3 million dollars.

The City has used LAIF (Local Agency Investment Fund) as a primary benchmark for the last several years. LAIF is a good benchmark for the City as the average days to maturity of its investments is similar to the City's investment maturity. Currently we are essentially at the LAIF earnings rate.

**PORTFOLIO RESULTS:**

The results from the last several months are shown below on Table 1.

Table 1

	July	August	September
Cash Invested (\$MM)	94.1	94.1	94.1
City's Average Maturity (Days)	25.8	25.2	24.7
City's Average Yield	0.29%	0.29%	0.29%
LAIF Yield	0.29%	0.29%	0.29%
LAIF Cash Invested (\$MM)	73.1	73.1	73.1

**THE ECONOMY:**

The sectors most adversely affected by the pandemic have improved in recent months but continue to be affected by COVID-19. Job gains have been improving in recent months and the unemployment rate has declined. Supply and demand imbalances related to the pandemic and the reopening of the economy have continued to contribute to elevated levels of inflation. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.

The path of the economy continues to depend on the course of the virus. Progress on vaccinations and an easing of supply constraints are expected to support continued gains in economic activity and employment as well as a reduction in inflation. Risks to the economic outlook remain, including from new variants of the virus.

In assessing the appropriate stance of the monetary policy, the Federal Open Reserve Committee (Committee) has assured the public they will continue to monitor the implications of incoming information for the economic outlook. The Committee is prepared to adjust the stance of monetary policy as appropriate risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will consider a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectation, and financial and international developments.

**FINANCIAL IMPACT:**

As inflationary pressures persist, the economy broadly strengthens and the labor market tightens, we expect the Committee to continue tightening monetary policy throughout 2023. Financial markets are also adjusting to a more hawkish pivot from the Committee as well.

**ATTACHMENTS AND/OR REFERENCES (If any):**

- 1) July through September 2021 Investment Portfolio