



TREASURER'S REPORT

Redondo Beach

FY20/21 Q3




Presented By: Steven Diels, City Treasurer

Nilesh Mehta, Chief Deputy City Treasurer



Treasurer's Quarterly Admin Report

- 
- Treasurer's Portfolio Summary
 - Investment Reporting Guidelines
 - Investment Report by FHN Main Street
 - Portfolio Summary
 - Investment Policy Compliance
 - Investment Activity Report
 - Economic and Market Update



Treasurer's Report PowerPoint Presentation:

- Investment Reporting Objectives/Guidelines
 - Policy Compliance
 - Quarterly Performance
 - Cash Flow Analysis
 - Fiscal Impact
 - Month-End Portfolio Book Yield
 - Maturity Distribution
 - Sector Allocation
 - Historical Book Value
 - Trading Activity
- 



Key Investment Objectives for Municipal Investing

- ➔ **Safety** - Protect Principal
- ➔ **Liquidity** – Provide necessary liquidity to cover both ongoing and unexpected cash needs
- ➔ **Yield** – Maximize earnings recognizing need for safety and liquidity, and subject to restrictions specified by state statutes and the local governing body

INVESTMENT REPORTING GUIDELINES - CMTA

- Always remember whose money it is (it's the community's, not yours) – and act according in a responsible stewardship capacity.
- The generally accepted objectives in managing public funds, in priority order, are:
 - Safety
 - Liquidity
 - Yield
- An investment manager's objective is to earn a reasonable rate of return on the City's investments, while preserving capital in the overall portfolio. It should never be an investment manager's goal to earn maximum returns on the City's portfolio as this would expose the City to an unacceptable level of risk



Guidelines Cont'd

- ▶ Failures in public investing occur when either:
 - Policies were not clear.
 - Policies were inappropriate.
 - Policies were not followed.
 - Oversight was inadequate.



Guidelines Cont'd

► Questions to Ask:

- Do you review the investment policy?
- Do you understand the City's investment program?
- Do you receive and review periodic investment reports?
- Are they clear, concise? Are they readable?
- Do you fully understand them?
 - If you can't, this is more likely to be because they've been presented poorly, and may in fact reflect problems, than any "technical" problems with your ability to understand them because it's too "complex."
 - It's the job of your staff to make them readable and understandable;
 - and if the City's portfolio is genuinely that complex, perhaps it shouldn't be.

POLICY COMPLIANCE

Item / Sector	Parameters	In Compliance
Weighted Average Maturity	Weighted Average Maturity (WAM) no greater than 2.5 years.	Yes: 1.69 Yrs
Liquidity: Less than 1 Year	At least 25% of the portfolio must have maturities of 1 year or less.	Yes: 39.0%
Liquidity: Less than 3 Years	At least 50% of the portfolio must have maturities of 3 years or less.	Yes: 78.7%
U.S. Treasuries	No limit, maximum maturity 5 years.	Yes: 10.9%
U.S. Federal Agencies	No limit, 40% issuer limit, maximum maturity 5 years.	Yes: 42.0%
Bankers' Acceptances	Sector limit 40%, issuer limit 5%, maximum maturity 180 days, A-1/P-1 by two.	Yes: 0.0%
Time Deposits	No sector limit, collateralized according to State Code.	Yes: 0.0%
Local Agency Investment Fund	No more than \$65 million.	Yes: \$15 Mil
Negotiable Certificates of Deposit	Sector limit 30%, issuer limit no greater than FDIC insured limit (currently \$250,000), max maturity 5 years, Issued by national/state charter banks or savings and loan associations.	Yes: 2.1%
Commercial Paper	25% limit, 5% per issuer, maximum maturity 270 days, A-1 (S&P)/P-1 (Moody's), issued by a domestic corporation w/ at least \$500 million of assets and A- (S&P)/A3 (Moody's) long term debt.	Yes: 0.0%
Corporate Medium Term Notes	Sector limit 30%, issuer limit 5%, max maturity 5 years, rated A (S&P/Fitch)/A2 (Moody's) by one, issued by domestic corporation/depositories.	Yes: 26.7%
Money Market Funds	Sector limit 15%, Issuer limit 10%, rated AAA by two of the three rating services.	Yes: 0.0%
CD Placement Service	Sector limit 30% (combined w/ negotiable CDs).	Yes: 0.0%
Collateralized Bank Deposits	No sector limit, collateralized according to State Code.	Yes: 0.0%
Supranationals	Sector limit 15%, Issuer limit 5% (IBRD, IFC, and IADB), Max maturity 5 years, AA or better by at least 1 of 3 rating agencies.	Yes: 0.0%
CalTRUST	30% limit, authorized if City Council first executes a JPA agreement.	Yes: 0.0%

FY 20-21 Performance

Market Value Comparison of Investment Portfolio Positions F.Y. 2020-2021

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Investment Type		%		%				
Cash in Banks & Money Markets	\$10,855,843	*	\$10,000,681	*	\$5,180,168	*		
Local Agency Investment Fund	\$7,004,742	9.6%	\$15,028,642	19.7%	\$15,039,065	18.30%		
Federal Agency Issues	\$34,598,183	47.2%	\$34,593,480	45.3%	\$34,588,776	42.00%		
Commercial Paper	\$0	0.0%	\$0	0.0%	\$0	0.00%		
Corporate Medium Term Notes	\$20,903,182	28.5%	\$20,915,171	27.4%	\$21,927,159	26.70%		
Bank Certificates of Deposit	\$2,726,898	3.7%	\$1,734,986	2.3%	\$1,735,073	2.10%		
Treasuries	\$8,053,427	11.0%	\$4,041,832	5.3%	\$8,985,108	10.90%		
Total: Investment Portfolio	\$73,286,432	100.0%	\$76,314,111	100.0%	\$82,275,181	100.00%		
Weighted Average Maturity (Yrs)	1.97		1.68		1.69			
Portfolio Effective Rate of Return (YTD)	2.10%		2.12%		2.07%			
L.A.I.F. Yield	0.68%		0.54%		0.36%			
Yield on Benchmark	1.74%		1.63%		1.52%			
Interest earned YTD	\$430,578.83		\$815,051		\$1,198,761			
General Fund Contribution (49%)	\$210,984		\$399,375		\$587,393			

FY 19-20 Performance

Market Value Comparison of Investment Portfolio Positions F.Y. 2019-2020								
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Investment Type		%		%		%		%
Cash in Banks & Money Markets	\$8,004,405	*	\$10,421,483	*	\$5,306,333	*	\$ 9,193,009	*
Local Agency Investment Fund	\$7,000,000	8.3%	\$17,052,131	19.7%	\$14,000,000	15.40%	\$ 22,000,000	23.3%
Federal Agency Issues	\$41,455,587	49.1%	\$35,460,741	40.9%	\$40,606,033	44.70%	\$ 38,602,882	40.8%
Commercial Paper								
Corporate Medium Term Notes	\$24,837,904	29.4%	\$22,851,300	26.4%	\$22,865,644	25.20%	\$ 20,891,194	22.1%
Bank Certificates of Deposit	\$3,223,020	3.8%	\$3,222,544	3.7%	\$3,222,661	3.60%	\$ 2,974,779	3.1%
Treasuries	\$7,994,458	9.5%	\$8,041,480	9.3%	\$10,073,719	11.10%	\$ 10,063,635	10.6%
Total: Investment Portfolio	\$84,510,969	100.0%	\$86,628,195	100.0%	\$90,768,058	100.00%	\$ 94,532,490	100.0%
Weighted Average Maturity (Yrs)	2.1		1.89		2.02		1.72	
Portfolio Effective Rate of Return (YTD)	2.23%		2.27%		2.26%		2.22%	
L.A.I.F. Yield	2.28%		2.04%		1.79%		1.20%	
Yield on Benchmark	2.06%		2.08%		2.06%		2.02%	
Interest earned YTD	\$502,505.00		\$973,145		\$1,483,028		\$1,965,199	
General Fund Contribution (44%)	\$221,102		\$428,184		\$652,532		\$864,688	

FY 18-19 Performance

Market Value Comparison of Investment Portfolio Positions F.Y. 2018-2019

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Investment Type	\$MM	%	\$MM	%	\$MM	%	\$MM	%
Cash in Banks & Money Markets	\$8,761,921	*	\$6,939,956	*	\$5,394,950	*	\$ 9,062,598	*
Local Agency Investment Fund	\$1,000,000	1.3%	\$16,000,000	18.5%	\$6,000,000	6.60%	\$ 10,000,000	10.0%
Federal Agency Issues	\$46,940,821	59.7%	\$44,893,166	51.9%	\$44,394,491	49.20%	\$ 44,448,469	44.2%
Commercial Paper					\$3,973,074	4.30%	\$ 3,998,729	4.0%
Corporate Medium Term Notes	\$12,951,519	16.5%	\$11,958,712	13.8%	\$22,801,156	24.90%	\$ 26,821,710	26.7%
Bank Certificates of Deposit	\$1,735,760	2.2%	\$1,735,790	2.0%	\$1,735,820	1.90%	\$ 3,222,931	3.2%
Treasuries	\$15,938,992	20.3%	\$11,956,768	13.8%	\$11,973,607	13.10%	\$ 11,990,633	11.9%
Total: Investment Portfolio	\$78,567,092	100.0%	\$86,544,436	100.0%	\$91,418,148	100.00%	\$100,482,471	100.0%
Weighted Average Maturity (Yrs)	1.73		1.51		1.95		1.81	
Portfolio Effective Rate of Return (YTD)	1.70%		1.77%		1.92%		2.01%	
L.A.I.F. Yield	1.94%		2.29%		2.39%		2.43%	
Yield on Benchmark	1.68%		1.59%		1.68%		1.76%	
Interest earned YTD	\$357,684.00		\$726,249		\$1,215,976		\$1,765,752	
General Fund Contribution (66%)	\$236,071		\$479,324		\$802,544.16		\$1,165,396	

Cash Flows Analysis

FY 20/21	Beginning Balance	Total Deposits/Credits	Total Debits	Ending Balance
July	9,193,009.23	\$23,528,048.48	\$23,528,048.48	7,913,069.20
August	7,913,069.20	\$10,009,273.89	\$7,982,154.30	9,940,188.79
September	9,940,188.79	\$8,253,651.97	\$7,337,997.37	10,855,843.39
October	\$10,855,843.39	\$7,451,740.98	\$12,962,556.95	\$5,345,027.42
November	\$5,345,027.42	\$12,176,643.35	\$8,498,011.06	\$9,023,659.71
December	\$9,023,659.71	\$26,407,972.95	\$25,430,951.43	\$10,000,681.23
January	\$10,000,681.23	\$13,405,817.29	\$9,206,595.75	\$14,199,902.77
February	\$14,199,902.77	\$8,612,672.87	\$13,935,245.98	\$8,877,329.66
March	\$8,877,329.66	\$6,397,979.69	\$10,095,141.08	\$5,180,168.27

- **July – PERS pre-payment Debit \$13,241,791**
- **December – Property Tax Credit approximately \$15,600,000**

Cash Flows – Cont'd

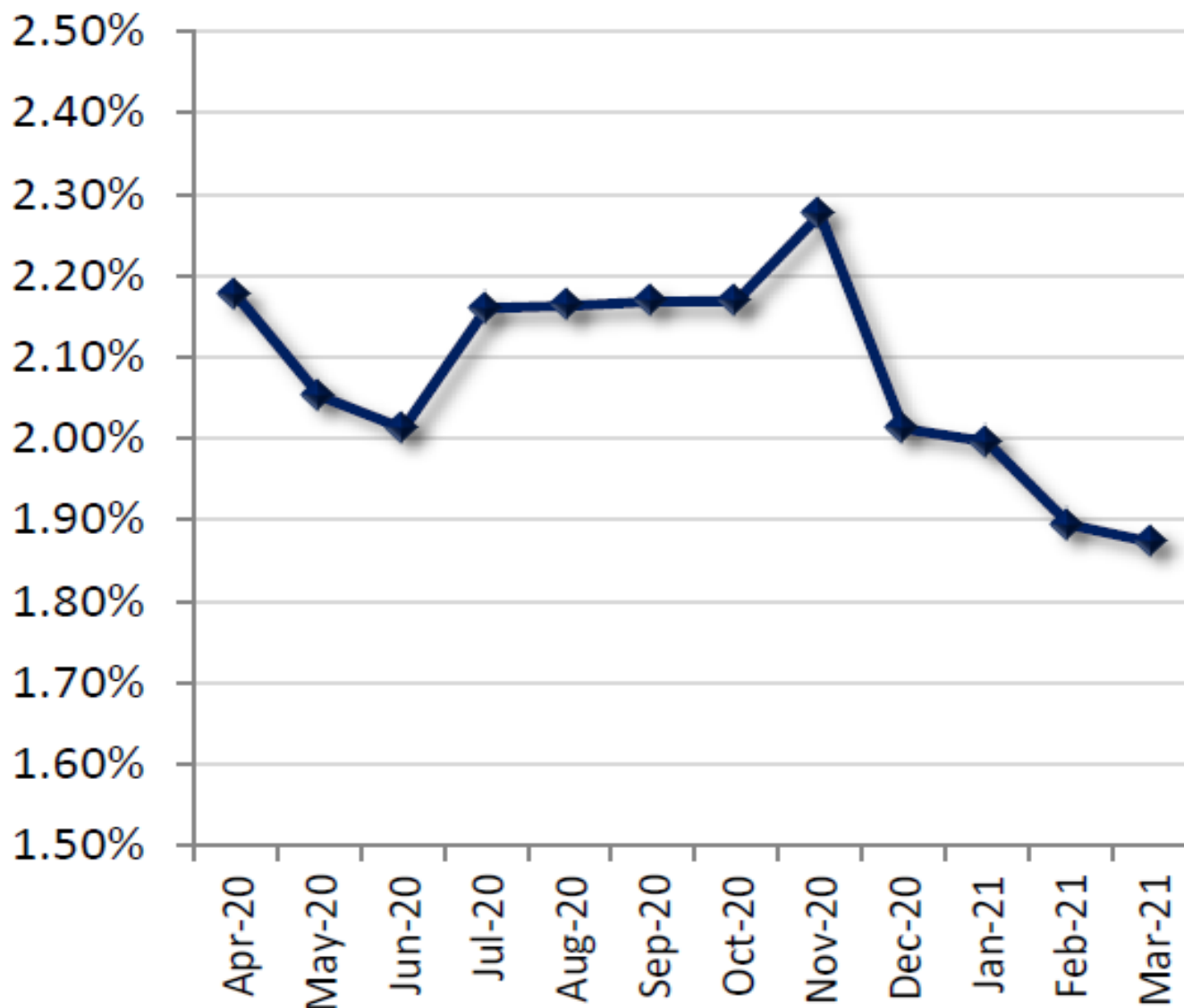
FY 19/20	Beginning Balance	Total Deposits/Credits	Total Debits	Ending Balance
July	\$9,062,598.34	\$15,624,340.18	\$21,337,116.12	\$3,349,822.40
August	\$3,349,822.40	\$18,074,954.67	\$14,802,686.45	\$6,622,090.62
September	\$6,622,090.62	\$10,501,708.65	\$9,119,393.45	\$8,004,405.82
October	\$8,004,405.82	\$10,929,920.13	\$10,076,473.35	\$8,857,852.60
November	\$8,857,852.60	\$9,193,252.52	\$11,930,110.80	\$6,120,994.32
December	\$6,120,994.32	\$26,348,587.27	\$22,048,098.57	\$10,421,483.02
January	\$10,421,483.02	\$19,783,662.93	\$18,341,170.44	\$11,863,975.51
February	\$11,863,975.51	\$9,279,586.90	\$13,674,658.98	\$7,468,903.43
March	\$7,468,903.43	\$8,312,068.31	\$10,474,639.15	\$5,306,332.59
April	\$5,306,332.59	\$22,277,715.90	\$18,898,100.20	\$18,898,100.20
May	\$18,898,100.20	\$11,103,888.10	\$21,736,914.69	\$8,265,073.61
June	\$8,265,073.61	\$9,646,267.42	\$8,718,331.80	\$9,193,009.23



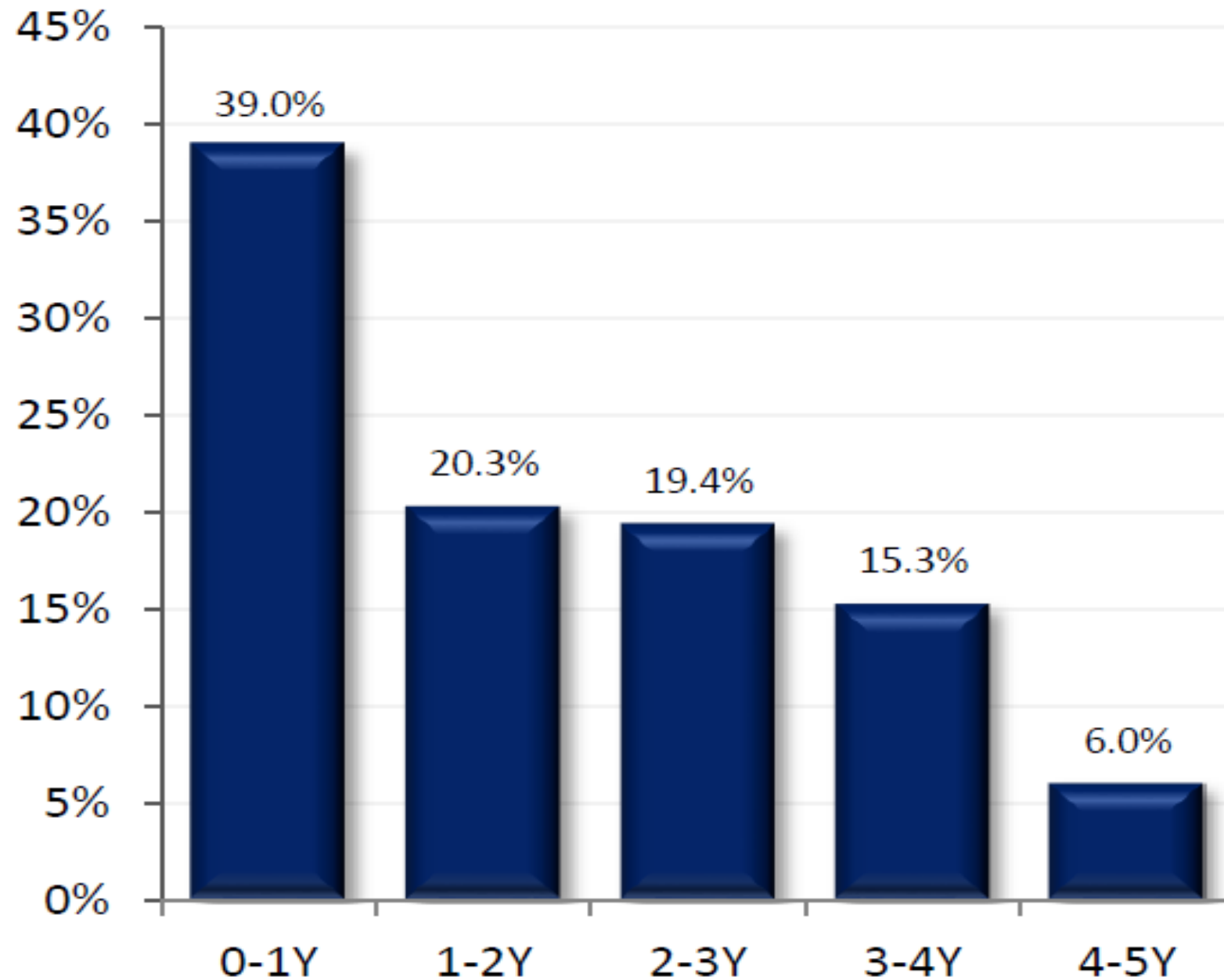
Fiscal Impact

- Interest earned year to date is \$1,198,761
- The General Fund contribution rate is 49%.
Approximately \$587,393 contributed to the general fund through investment activity.

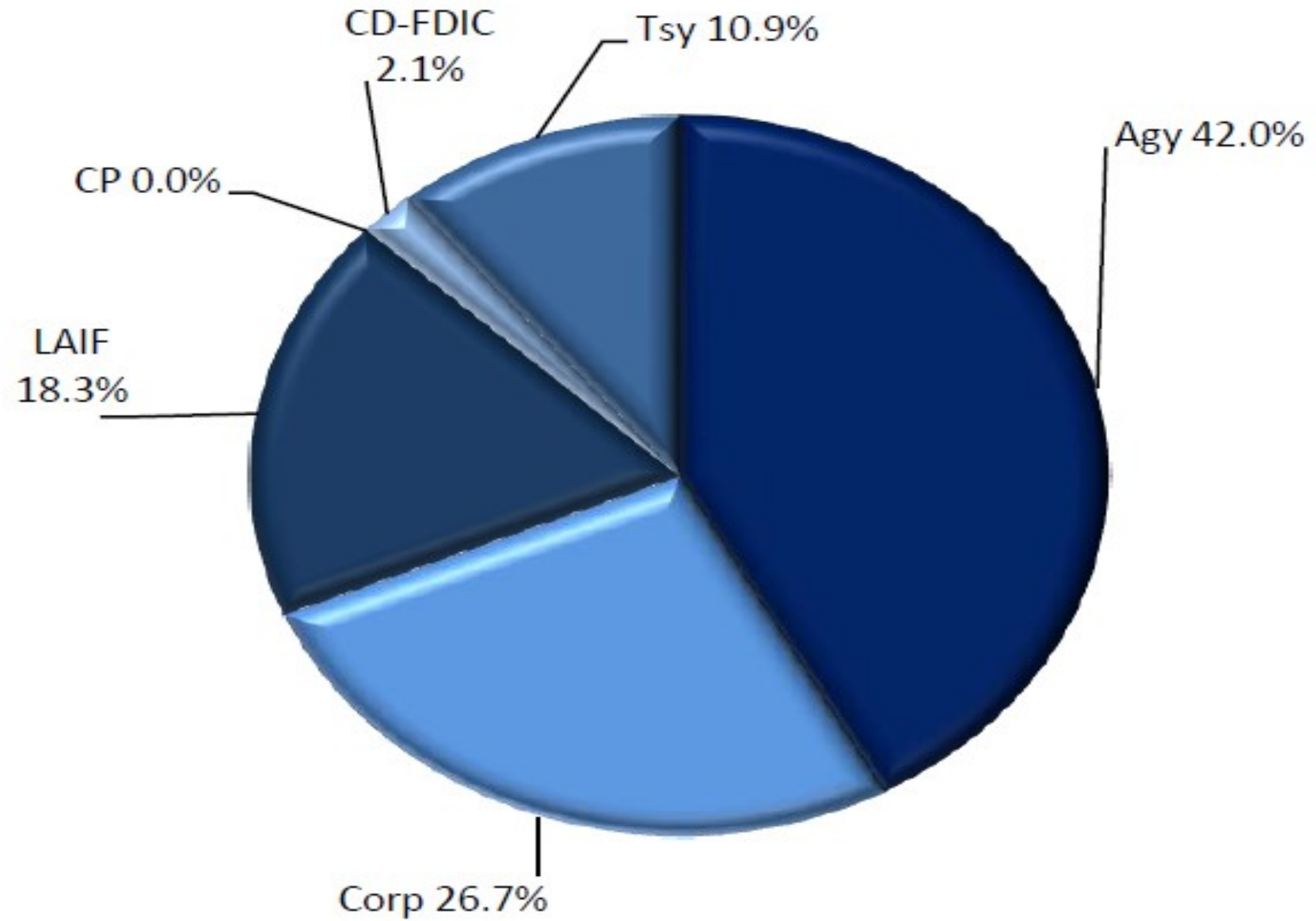
MONTH-END PORTFOLIO BOOK YIELD



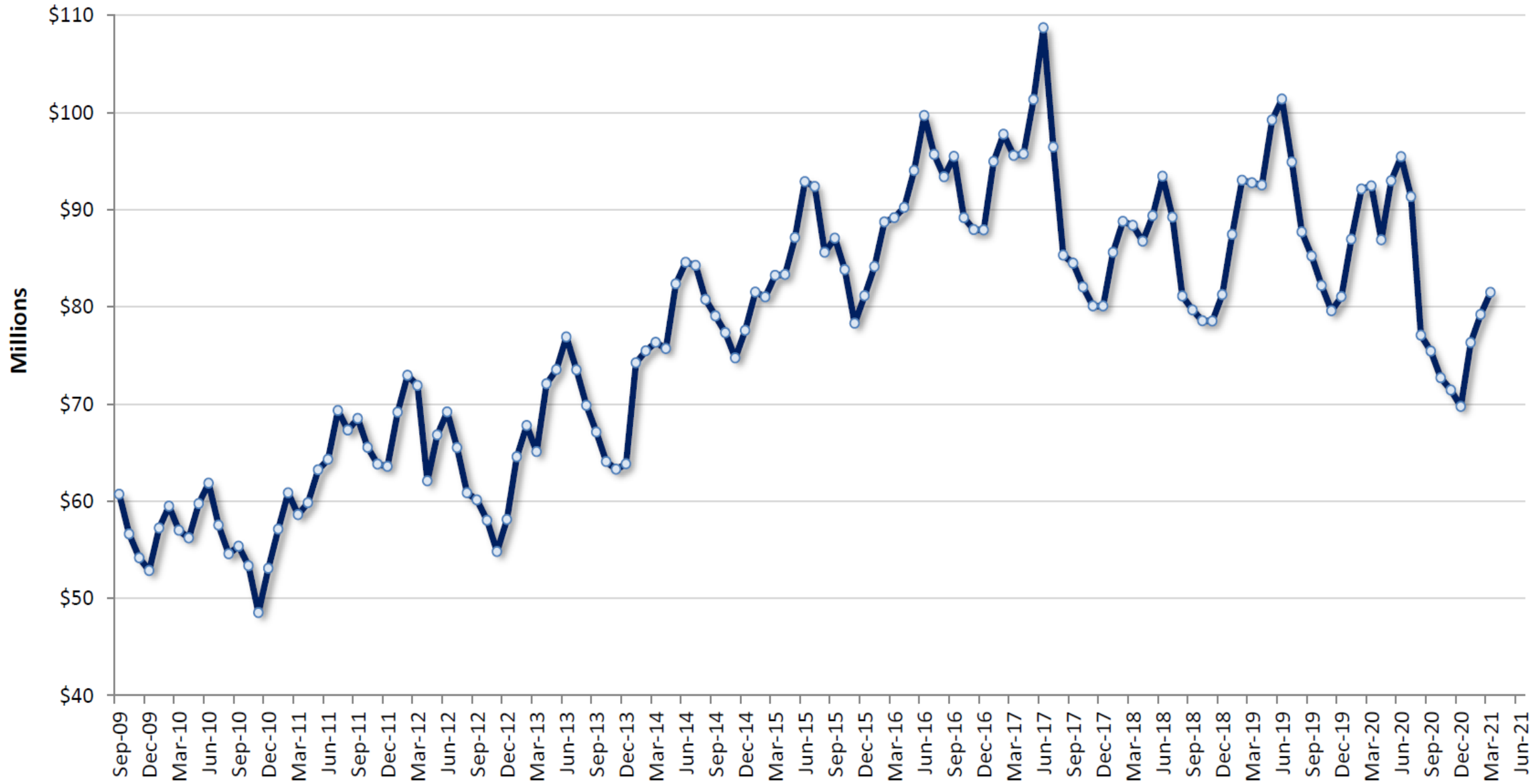
MATURITY DISTRIBUTION



SECTOR ALLOCATION



Historical Book Value



Historical Book Value by Fiscal Year

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fiscal Year 2013	\$65.5	\$60.9	\$60.1	\$58.0	\$54.8	\$58.1	\$64.6	\$67.8	\$65.1	\$72.1	\$73.6	\$76.9
Fiscal Year 2014	\$73.5	\$69.8	\$67.1	\$64.1	\$63.3	\$63.8	\$74.2	\$75.5	\$76.3	\$75.7	\$82.4	\$84.6
Fiscal Year 2015	\$84.3	\$80.8	\$79.1	\$77.4	\$74.8	\$77.6	\$81.5	\$81.0	\$83.3	\$83.3	\$87.1	\$92.9
Fiscal Year 2016	\$92.4	\$85.6	\$87.1	\$83.8	\$78.3	\$81.2	\$84.2	\$88.7	\$89.2	\$90.2	\$94.0	\$99.7
Fiscal Year 2017	\$95.7	\$93.4	\$95.5	\$89.2	\$87.9	\$87.9	\$95.0	\$97.8	\$95.6	\$95.8	\$101.3	\$108.7
Fiscal Year 2018	\$96.5	\$85.3	\$84.5	\$82.0	\$80.1	\$80.1	\$85.6	\$88.8	\$88.4	\$86.8	\$89.4	\$93.4
Fiscal Year 2019	\$89.3	\$81.1	\$79.7	\$78.6	\$78.5	\$81.2	\$87.5	\$93.0	\$92.8	\$92.5	\$99.3	\$101.4
Fiscal Year 2020	\$94.9	\$87.7	\$85.2	\$82.2	\$79.6	\$81.1	\$87.0	\$92.1	\$92.5	\$86.9	\$93.0	\$95.5
Fiscal Year 2021	\$91.4	\$77.1	\$75.4	\$72.7	\$71.4	\$69.7	\$76.3	\$79.2	\$81.5			

TRADING ACTIVITY

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Purchases	0	0	0	0	0	0	0	0	0	0	3	1
Redemptions	0	2	0	1	1	1	2	4	1	1	0	0
Total Transactions	0	2	0	1	1	1	2	4	1	1	3	1