



## **CITY OF MENIFEE**

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SUBJECT: Treasurer's Report - June 2024

MEETING DATE: September 4, 2024

TO: Mayor and City Council

PREPARED BY: Ann-Marie Etienne, Finance Manager

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Armando G. Villa, City Manager

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### **RECOMMENDED ACTION**

1. Receive and file the Quarterly Treasurer's Report as of June 30, 2024.

### **DISCUSSION**

Attached is the signed monthly Treasurer's Report for Cash and Investments as of June 30, 2024, and 2<sup>nd</sup> Quarter (April 2024 – June 2024) Quarterly Investment Review as summarized below.

This Treasurer's Report is distinguished from the regular monthly report in that it includes more in-depth disclosure and review of investment activities over the past three months. The City of Meniffee's investment objectives in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program. To achieve these objectives, the City invests in high quality fixed income securities consistent with the current investment policy (*Investment Policy CC-11*) and California Government Code.

#### **Quarterly Review: 2<sup>ND</sup> Quarter (April 2024 - June 2024) Investment Summary**

With a favorable interest market throughout the period in review, the City's investment portfolio continued to perform strongly during the 2<sup>nd</sup> quarter of 2024, yielding additional interest revenue to support municipal services. The City's investment approach balances its investments between short-term investment portfolio to long-term investments. Beginning in the fall of 2023, the city has taken some additional efforts to maximize the City's investments opportunities in a fiscally prudent, but proactive manner.

#### **Overall Investment Portfolio Composition**

During the 2<sup>nd</sup> quarter of 2024, the City continued to participate in the California Asset Management Program (CAMP) investment pool program. Staff identified an opportunity to further diversify the current investment portfolio, and thereby maximize investment opportunities by

participating in this program. Also, during the 2<sup>nd</sup> Quarter period, the City maintained long-term investments through the support of investment consulting firms Piper Sandler and Chandler Asset Management. In April 2024, staff moved forward with expanding the investment portfolio managed by Chandler Asset Management, by transferring \$50,000,000 from the CAMP investment pool. Additionally in May 2024, following review with the Finance Committee, staff completed consolidation of all long-term investments with a transfer of all investments previously in Piper Sandler's custody to Chandler Asset Management. In doing so, the City was able to re-organize the City's investment portfolio under the management of one investment advisor compared to the previous divided structure of using an investment advisor and broker dealer.

### Overall Investment Portfolio Performance

With respect to the City's short-term investment pools, the Local Agency Investment Fund (LAIF) rate was 4.480% while CAMP returned 5.43% as of June 30, 2024. The quarter ending June 30, 2024 produced the following results: CAMP accrued \$893,449.31 and LAIF accrued \$340,187.57 in cash dividends and income. On the longer-term investment component of the portfolio, Piper Sandler accrued \$101,868.65 interest during the months of April and May prior to the transfer of all investments to Chandler Asset Management. As part of the unification of the investment portfolio, the City reviewed long-term investment strategies to both maximize City investments and ensure compliance with the City's investment policy. In this effort, the unified portfolio under Chandler Asset Management experienced a net return of \$244,595.95 with overall portfolio earnings lower than would ordinarily be expected due to the selling off an over-concentration of low performing securities. This short-term strategy was anticipated in connection with the consolidation of securities from the Piper Sandler portfolio to allow for overall stronger diversification and higher returns going forward. The overall return of the consolidated Chandler Asset Management portfolio for the quarter ended June 30, 2024 was 1.06%, however, the average yield to maturity (purchase basis) was 3.34% as of the same period. As is the case with most of the current fiscal year, the short-term investment yields have been providing higher returns than long-term investments as the Federal Reserve has sustained higher interest rates thus far. However, future changes in interest rates would most immediately impact the short-term rates received.

**TABLE 1: QUARTER 1 OVERALL INVESTMENT PORTFOLIO PERFORMANCE**

Investment Portfolio	Investment Type/ Investment Category	Beginning Market Value 4/1/2024	Ending Market Value 6/30/2024	Investment Returns*
<b>CAMP</b>	Pool/ Short-Term	\$100,731,668.09	\$ 77,125,117.40	\$ 893,449.31
<b>LAIF</b>	Pool/ Short-Term	\$ 10,910,129.51	\$ 11,250,317.08	\$ 340,187.57
<b>Piper Sandler</b>	City Investments/ Long-Term	\$ 64,424,280.00	\$ -	\$ 101,868.65
<b>Chandler Asset Management</b>	City Investments/ Long-Term	\$ 10,987,225.96	\$126,369,305.46**	\$ 244,595.95

\* Includes dividends, interest earned, and realized gains/losses

\*\* Reflects consolidation of Piper Sandler portfolio into Chandler Asset Management completed in May 2024.

### **Cash Held Outside City Funds**

As noted in the monthly Treasurer's Report there are some specific funds held outside the City's custody, and held instead by Wilmington Trust, designated trustee. These funds relate to the TRIP, and Streetlight Retrofit debt service payments, as well as the bonded CFDs bond proceeds and debt service payments. Pursuant to the Trustee agreements in place, Wilmington Trust oversees the investment of these funds. The average yield return of these funds is summarized within the corresponding section of the Treasurer's Report.

### **STRATEGIC PLAN OBJECTIVE**

Thriving Economy

### **FISCAL IMPACT**

There is no fiscal impact associated with the recommended action.

### **ATTACHMENTS**

1. Treasurer's Report as of June 30, 2024.
2. CAMP Investment Statements April 2024
3. CAMP Investment Statements May 2024
4. CAMP Investment Statements June 2024
5. LAIF Investment Statements April 2024
6. LAIF Investment Statements May 2024
7. LAIF Investment Statements June 2024
8. U.S. Bank Piper Sandler Investment Statements April 2024
9. U.S. Bank Piper Sandler Investment Statements May 2024
10. U.S. Bank Piper Sandler Investment Statements June 2024
11. U.S. Bank Chandler Investment Statements April 2024
12. U.S. Bank Chandler Investment Statements May 2024
13. U.S. Bank Chandler Investment Statements June 2024