



**DATE:** December 10, 2019

**CATEGORY:** Consent

**DEPT.:** Investment Review  
Committee/Finance and  
Administrative Services

**TITLE:** **Annual Report of the Investment  
Review Committee for Fiscal Year  
2018-19**

### **RECOMMENDATION**

Accept the Annual Report of the Investment Review Committee for Fiscal Year 2018-19.

### **BACKGROUND**

This Council report transmits the Annual Report of the Investment Review Committee (IRC or Committee) (Attachment 1) as required by City Council Policy B-2, Investment Policy ([Policy](#)). The IRC is comprised of the members of the Council Finance Committee (CFC) and two public members appointed by the City Council with expertise in the area of fixed-income investments. One appointed public member is Steven Permut, Vice President, Senior Portfolio Manager, and Director of Municipal Investments for American Century Investment Management, Inc. The other public position is vacant, and staff is currently working on filling the position. The CFC is comprised of Councilmembers Christopher R. Clark (Chair of the IRC) and Lucas Ramirez and Mayor Lisa Matichak. Appreciation is expressed to the IRC's public member for his advice, expertise, time, and assistance in fulfilling the responsibilities of the Committee.

The Policy requires that the IRC meet annually to review the performance, Policy compliance, and management of the City's investment portfolio. This year's meeting was held on October 30, 2019 (Attachment 2). The Committee is also required to submit an annual report to the City Council containing the Committee's findings and any recommendations to amend the Investment Policy.

Acceptance of this report by the City Council also constitutes voluntary compliance with California Government Code Section 53646(a)(2), which states: "the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting."

## **ANALYSIS**

Staff and Chandler Asset Management (the City's investment consultant) reviewed the City's portfolio. The portfolio was in compliance with the Policy throughout the fiscal year. The total portfolio balance as of June 30, 2019 was \$707.9 million (cost value) compared to \$638.5 million the previous fiscal year. This is the first time the City's portfolio has reached over \$700 million.

At the October 30, 2019 meeting, the Committee discussed the following aspect of the portfolio:

- In addition to the discussion of the overall performance of the portfolio, the Committee discussed the corporate note portion of the investment portfolio that is managed by the consultant. As part of this discussion, the Committee was reminded there is a limitation on the number of issuers available which meet the Policy's requirement that they be rated at least "AA-/Aa-" or equivalent by at least two of the three rating agencies (S&P, Moody's, Fitch). The Committee did not recommend making any changes to the Policy at this time.

No action is needed on the discussion item above, and there are no recommended changes to the Policy. The Committee's annual report is attached to this Council report (Attachment 1).

**FISCAL IMPACT** – None.

## **ALTERNATIVES**

1. Recommend one or more change(s) to the Policy.
2. Provide other direction.

**PUBLIC NOTICING** – Agenda posting.

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Approved by:

Christopher R. Clark, Chair  
Investment Review Committee

Audrey Seymour Ramberg  
Assistant City Manager/  
Chief Operating Officer

- Attachments:
1. Annual Report of the Investment Review Committee for Fiscal Year 2018-19
  2. Agenda and Reports from the Investment Review Committee Meeting, October 30, 2019