



DATE: November 10, 2020

CATEGORY: Consent

DEPT.: Investment Review Committee/
Finance and Administrative Services

TITLE: **Annual Report of the Investment
Review Committee for Fiscal Year
2019-20**

RECOMMENDATION

Accept the Annual Report of the Investment Review Committee for Fiscal Year 2019-20.

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 efforts are underway to fill the position. The CFC is comprised of Councilmembers Christopher R. Clark (Chair of the IRC), Lucas Ramirez, and Lisa Matichak. Appreciation is expressed to the IRC’s public member, Mr. Permut, for his advice, expertise, time, and assistance in fulfilling the responsibilities of the Committee for the past 15 years.

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 IRC meeting was held on October 20, 2020, the agenda and reports of which are included in 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 Policy.

Acceptance of this report by the City Council also constitutes voluntary compliance with California Government Code Section 53646(a)(2), which states that “...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 the City’s external investment advisor, Chandler Asset Management (“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, 2020 was \$762.2 million (cost value), compared to \$707.9 million the previous fiscal year.

At the October 20, 2020 meeting, the Committee discussed the overall performance of the portfolio. Topics that ensued from the discussion included strategies in investing in the current market, how the City’s portfolio return compares to other agencies, what the process would be should the City need to liquidate any of its investments, and the general growth of the portfolio over the past four years. Staff also informed the Committee that the Appointments Review Committee is working through the recruitment process to fill the IRC’s current vacancy.

No action is needed on the discussion 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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TC-SN-JT/6/CAM
542-11-10-20CR
200621

Approved by:

Christopher R. Clark, Chair
Investment Review Committee

- Attachments:
1. Annual Report of the Investment Review Committee for Fiscal Year 2019-20
 2. Agenda and Reports from the Investment Review Committee Meeting, October 20, 2020