



CITY COUNCIL AGENDA REPORT
MEETING DATE: 6/20/2023
DEPARTMENT: Finance

SUBJECT:

MONTHLY TREASURER'S REPORT - MAY 2023

RECOMMENDED ACTION(S):

Receive and file.

EXECUTIVE SUMMARY:

The Treasurer's Report for the month ended May 31, 2023 is attached. There are no exceptions to the Investment Policy. Total cash and investments equal \$195.8 million for the period.

DISCUSSION:

The Treasurer's Report for the month ended May 31, 2023, is attached. There are no exceptions to the Investment Policy as outlined below.

Investment Portfolio

The City's balances consist of the following:

	<i>Type</i>	<i>Millions</i>
	<i>Local Agency Investment Fund (LAIF)</i>	0.1
	<i>California Asset Management Program (CAMP)</i>	44.5
	<i>Orange County Investment Pool (OCIP)</i>	0.1
	<i>Federated Government Obligations Fund</i>	0.0
	<i>Operating Bank Balance – US Bank</i>	151.1
	<i>Total Cash and Investments</i>	195.8

The balance in the investment portfolio was consistent with staff's expectations based on the operating and capital improvement activities during the month.

The investment portfolio balance was reduced temporarily during the month by a withdrawal of \$74,000,000 from the Local Agency Investment Fund ("LAIF") and \$41,831,037 from OCIP. The withdrawn funds were deposited into the Operating Bank Account at US Bank at the end of the month. These withdrawn funds were

transferred to the City's investment trust and custody account at US Bank in June. The onboarding process with Chandler Asset Management ("Chandler") was completed during the month of May 2023, allowing for the transition to an actively managed investment portfolio in June 2023. Chandler will manage the funds held in the investment trust and custody account.

There were no investment purchases and no maturities during the month of May 2023. The types of investments currently included in the portfolio are described below with any new information since the last report.

The LAIF, Orange County Investment Pool ("OCIP"), and California Asset Management Program ("CAMP") are the City's liquidity pools. Liquidity pools are the source of funding for weekly ongoing operating costs. Many cities use only LAIF, while Lake Forest has been more conservative in this respect. The US Bank balance reflected on the previous page is mostly transitory, as a function of holding deposits until the funds are invested and subsequently disbursed from LAIF/OCIP/CAMP for operations. State law requires that these bank balances be collateralized at 110%. The Federated Government Obligations Fund Service Share Money Market Fund is also mostly transitory, as a function of holding matured investments and earnings until the City purchases new investments. This account is the custodial account for the City's investment safekeeping institution, US Bank.

LAIF is a conservative investment pool managed by the State. The State cannot access these balances to fund its operational expenditures. Staff believe it is still prudent to maintain funds for liquidity in LAIF. LAIF earned 2.993% on the fund in May, which is lower than the City's earnings of 5.149% during that same period.

Orange County Investment Pool ("OCIP") allows local government agencies to voluntarily invest surplus cash to obtain competitive yields while maintaining safety and liquidity, thereby creating a multi-million-dollar County investment pool that enables investments in diversified instruments. OCIP earned approximately 3.566% on the fund as of May 31, 2023.

CAMP is a conservative short-term money market investment pool for a group of local agencies. CAMP earned approximately 5.160% on the fund as of May 31, 2023.

Cash with Fiscal Agent

During the month, cash with the fiscal agent was unchanged.

FISCAL IMPACT:

There is no fiscal impact associated with the recommended action.

ATTACHMENTS:

Monthly Treasurer's Report

Initiated By: Amy Lewis, Assistant Director of Finance

Submitted By: Kevin Shirah, Director of Finance/City Treasurer

Approved By: Debra Rose, City Manager