

Legislation Text

File #: #20-303, Version: 1

PREPARED BY: J. KELLY SESSIONS

DATE OF MEETING: 09/08/20

SUBJECT:

INVESTMENT REPORT/TREASURER'S REPORT FOR MONTH OF JULY 2020

CITY MANAGER RECOMMENDATION

Receive and file

COMPLIANCE STATEMENTS

Council Priority Workplan Compliance Statement:

This item is not directly related to a specific policy priority within the adopted FY 2019-21 City Council Priority Workplan, as amended May 18, 2020, but is provided to increase local government operational transparency.

CEQA Compliance Statement

This is not a project as defined by CEQA.

BACKGROUND

Government Code Section 53607 allows the City Council to delegate authority to an appropriate City officer to invest or reinvest funds of the City, or to sell or exchange the securities so purchased. In doing so, the officer thereafter assumes full responsibility for those transactions until the delegation of authority is revoked or expires. The officer is responsible to report those transactions monthly to the legislative body. Additionally, Government Code Section 53646 states that the treasurer or chief fiscal officer may render a quarterly report to the City Council that includes the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, as well as market value of the investments as of the date of the report.

This report addresses both the monthly and quarterly reporting requirements and brings the City into compliance with each Government Code Section (53607 and 53646).

City Holdings as of July 31, 2020:

- Cash in the City's Mechanics Bank accounts: \$ 3,437,901
 - Investments in LAIF and other cash equivalents: \$ 29,982,805
 - Investments managed by Insight in Government Agencies,
Corporate and Government Bonds, and cash equivalents: \$ 28,424,590
- Total Holdings: \$ 61,845,296**

The Administrative Services Director (Director) reports that investments within the portfolio fully comply with the City's adopted Investment Policy. The Director further finds that there are sufficient resources and liquidity to meet all pooled expenditure requirements for the next six months. However, given the COVID-19 pandemic and shelter-in-place orders, these funds could erode quickly

if the City continues to lose the approximate \$2.3 million in revenue for each month the Casino is closed, plus an additional \$1.3 million in revenue from other sources during the shelter-in-place shutdown. Additionally, with social distancing requirements in effect with the Casino reopening, there will be a longer-term residual impact since at least one-half or more of Casino gaming machines would not be available for gaming use, which would result in the City losing a proportionate amount of Casino agreement revenue needed to sufficiently cover annual GF expenditures and provide City service delivery. Immediate measures have been put into place and new budget balancing measures are being proposed to reduce expenditures to ensure that the City can meet its financial obligations. The Director will keep the City Council, Budget, Fiscal & Legislative Standing Committee, and City Manager informed of changes with necessary periodic updates on the City's financial status during the FY 2020/21 period.

FISCAL IMPACT

This item is for informational purposes only.

ATTACHMENT: Insight Investment Report - July 2020