



FINANCE DEPARTMENT

DATE: October 16, 2024

TO: Honorable Mayor and City Council

VIA: Damien O'Bid, City Manager

FROM: Angela Courter, Administrator Services Director

SUBJECT: **INVESTMENT REPORT FOR THE QUARTER ENDED
SEPTEMBER 30, 2024**

Attached for your information is the quarterly report of investments as of September 30, 2024.

The total cash and investment portfolio book value (cost) held by the City as of September 30, 2024 was \$14,975,840 and total cash and investments held by trustees was \$384,706.

The cash and investments held by the City include the following components: Managed Investment Portfolio (\$7,879,062), State of CA Local Agency Investment Fund (\$6,288), California Asset Management Program (CAMP) Pooled Investment Fund (\$6,470,416), Cash/Time Deposits (\$592,429), and accrued interest on investments (\$27,645). *(Earned interest is the interest earned on investments over a specific time period, accrued interest is the interest that an investment has earned, but hasn't yet been received, and paid interest is the interest that has already been received as payment).*

Cash and investments held by the City and the trustees continue to be invested in accordance with the Government Code and the Council Investment Policy as adopted on May 9, 2023.

During the quarter, two Federal Agency Bonds matured in the amounts of \$750,000 & \$800,000. One U.S. Treasury Bill also matured in the amount of \$638,000. One U.S. Treasury Bill was purchased in the amount of \$811,066.

Two-year Treasuries yielding 4.71% at the beginning of the quarter ended lower at the end of the quarter at 3.66%, which was a decrease of 105 basis points for the quarter.

As of September 30, 2024, the Weighted Yield to Maturity on the Managed Investment Portfolio was 4.45%.

At the end of this quarter, the Weighted Average Maturity of the Managed Investment Portfolio was 1.70 years.

The Federal Open Market Committee (FOMC) meets approximately every six weeks and determines the level of the Federal Funds Rate. ***At the September 17th meeting, the FOMC voted to lower the target range for the federal funds rate by ½ percentage point to 4¾ to 5 percent.***

Summary from the September 17th meeting:

“Recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have slowed, and the unemployment rate has moved up but remains low. Inflation has made further progress toward the Committee’s 2 percent objective but remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee has gained greater confidence that inflation is moving sustainably toward 2 percent, and judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.

In light of the progress on inflation and the balance of risks, the Committee decided to lower the target range for the federal funds rate by ½ percentage point to 4¾ to 5 percent. In considering additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and Minutes of the Federal Open Market Committee 13 agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments."

Finance staff hired Optimized Investment Partners in May 2023 to help improve the investment returns for the city and to ensure compliance with California Government Code by ensuring safety of principal and sufficient liquidity for operations. Ongoing portfolio management activity will continue to be performed in partnership with Optimized Investment Partners, the City Manager, and the Administrator Services Director.

Considering the projected timing of cash receipts and disbursements and the structure of the Pooled Investment Portfolio, the City will be able to comfortably meet overall cash flow needs over the next six months.

If you have any questions, please feel free to contact me at 707-665-4236.

City of Cotati
Summary of Cash and Investments for the Quarter Ended September 30, 2024

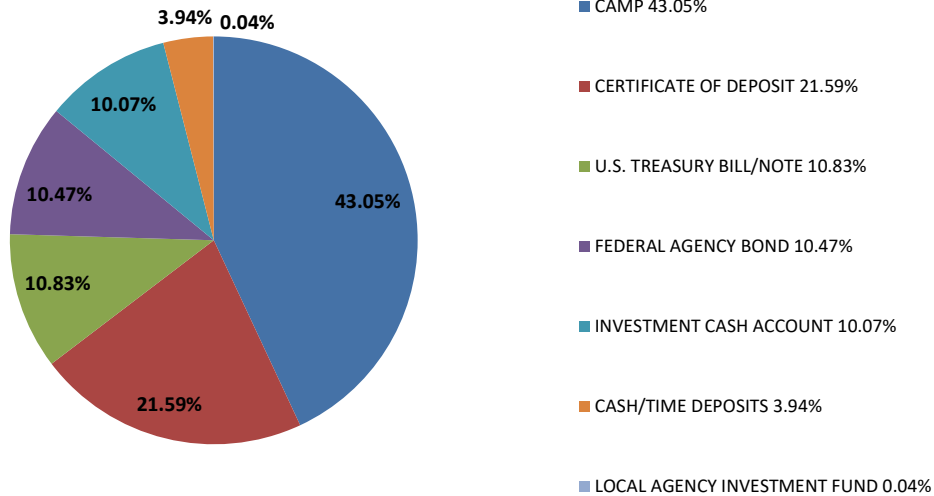
Portfolio Assets	Par Value (1)	Market Value (2)	Book Value (3)	% of Portfolio
Cash & Investments Held by District				
Investment Portfolio				
Managed Investments				
U.S. Bank Custodial Cash Account	\$ 1,513,600	\$ 1,513,600	\$ 1,513,600	10.13%
U.S. Treasury Bill/ Note	1,630,000	1,628,605	1,622,329	10.85%
Federal Agency Bond	1,600,000	1,574,552	1,548,133	10.36%
Certificate of Deposit	3,195,000	3,245,753	3,195,000	21.37%
Managed Investments Subtotal	\$ 7,938,600	\$ 7,962,510	\$ 7,879,062	52.71%
Pooled Investments				
State of CA Local Agency Investment Fund	\$ 6,288	\$ 6,288	\$ 6,288	0.04%
CAMP	6,470,416	6,470,416	6,470,416	43.29%
Pooled Investments Subtotal	\$ 6,476,704	\$ 6,476,704	\$ 6,476,704	43.33%
Investment Portfolio Subtotal	\$ 14,415,304	\$ 14,439,214	\$ 14,355,766	96.04%
Cash/Time Deposits	\$ 592,429	\$ 592,429	\$ 592,429	3.96%
Funds Available for Investment	\$ 15,007,732	\$ 15,031,643	\$ 14,948,194	100.00%
Accrued Interest	\$ 27,645	\$ 27,645	\$ 27,645	
Total Cash & Investments Held by the City	\$ 15,035,378	\$ 15,059,288	\$ 14,975,840	
Cash & Investments Held by Trustee				
Investment Agreements	\$ -	\$ -	\$ -	
Cash with Fiscal Agents	305,038	305,038	305,038	
Restricted Cash	79,668	79,668	79,668	
U.S. Government				
Total Cash & Investments Held by Trustee	\$ 384,706	\$ 384,706	\$ 384,706	
Total Portfolio	\$ 15,420,084	\$ 15,443,994	\$ 15,360,546	

Notes:

1. Par value is the principal amount of the investment on maturity.
2. Market values contained herein are received from sources we believe are reliable; however, we do not guarantee their accuracy.
3. Book value is par value of the security plus or minus any premium or discount on the security.

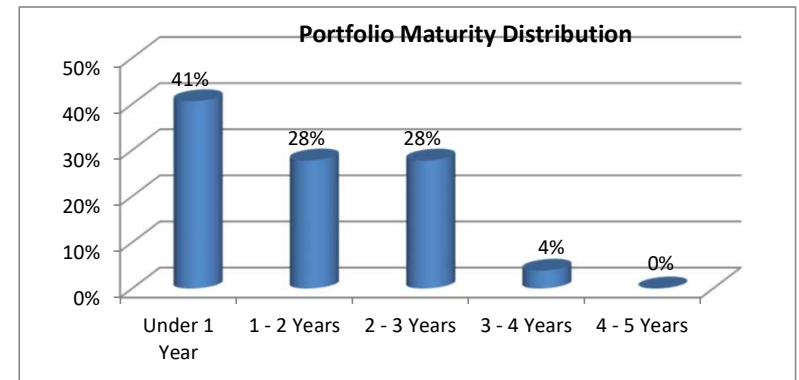
City of Cotati
Investment Report for the Quarter Ended September 30, 2024

Investment Portfolio Summary and Key Statistics



Portfolio Key Statistics		
PAR Value	\$	14,415,304
Book Value (COST)	\$	14,355,766
Market Value	\$	14,439,214
Weighted Average Maturity (in years)		1.70
Weighted Yield to Maturity*		4.45%

*Note: Cash/time deposits not included in WYTM



Excludes Pooled Investments and U.S. Bank Custodial Cash Account

U.S. Treasury Yields - Quarterly Comparison

Maturity	Sep-24	Jun-24	Change
3-Month	4.73%	5.48%	-0.75%
1-Year	3.98%	5.09%	-1.11%
2-Year	3.66%	4.71%	-1.05%
3-Year	3.58%	4.52%	-0.94%
5-Year	3.58%	4.33%	-0.75%
10-Year	3.81%	4.36%	-0.55%

2-Year U.S. Treasury Yield - Historical Data

Sep 2024	Sep 2023	Sep 2022	Sep 2021
3.66%	4.87%	3.51%	0.20%

Portfolio Maturity	PAR Maturing	% Maturing
Under 1 Year	\$ 2,610,000	41%
1 - 2 Years	\$ 1,784,000	28%
2 - 3 Years	\$ 1,783,000	28%
3 - 4 Years	\$ 248,000	4%
4 - 5 Years	\$ -	0%
Total	\$ 6,425,000	100%

Interest Earnings	FY 23-24	FY 24-25	Change
July	\$ 88,109	\$ 69,237	\$ (18,872)
Aug	\$ 78,838	\$ 60,083	\$ (18,755)
Sept	\$ 68,662	\$ 54,359	\$ (14,303)
Total for Quarter	\$ 235,609	\$ 183,679	\$ (51,930)

Note: Interest Earnings figures do not include capital gains or losses