



**Investments Review  
Finance Department  
City Council Special Meeting  
September 2022**

# Investment Strategic Plan



STAY WITHIN INVESTMENT  
POLICY GUIDELINES



PROTECT PRINCIPAL



REMAIN AGILE AND DILIGENT  
WHEN MONITORING PORTFOLIO

# Investment Strategic Plan



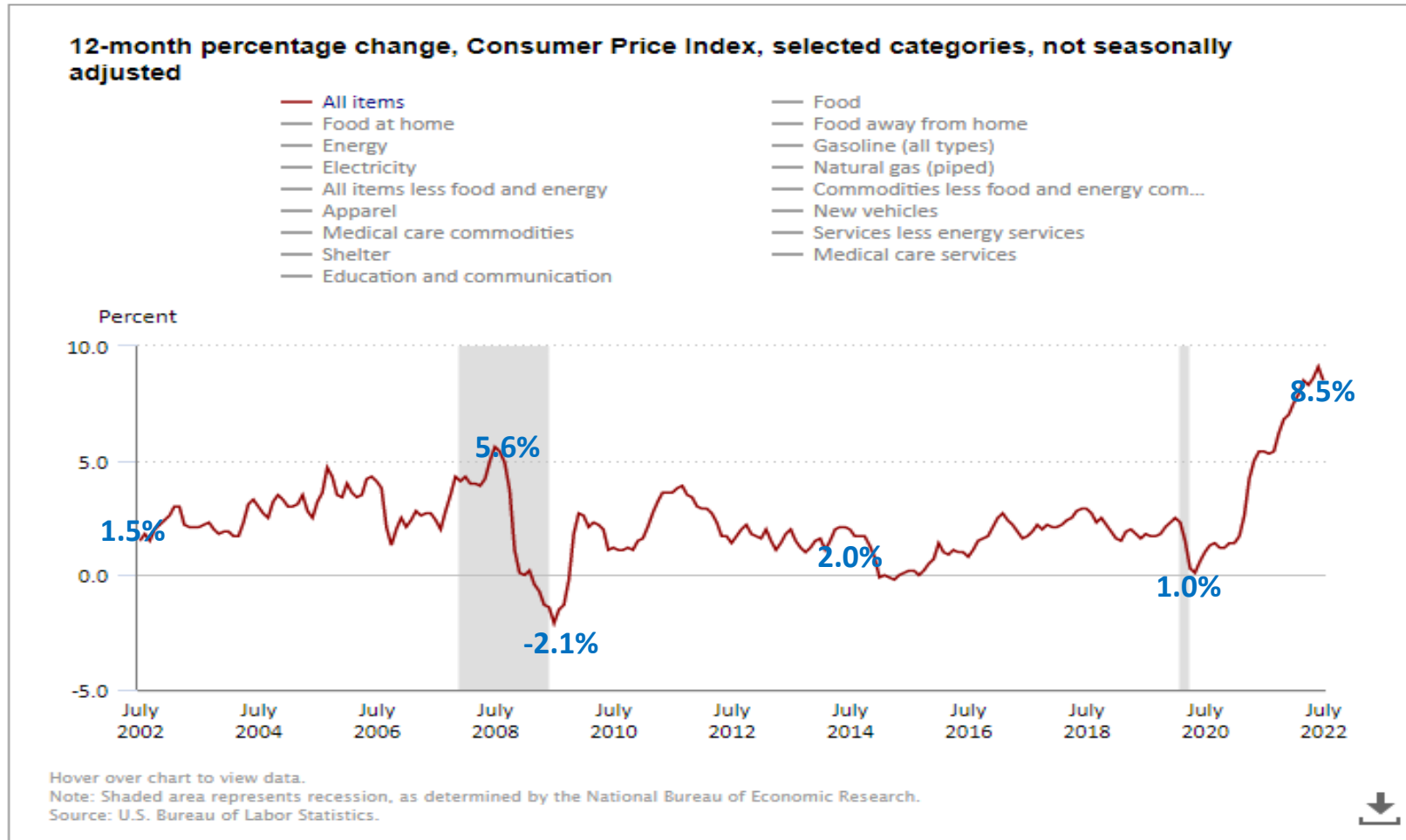
- Safety First: Stay within investment policy guidelines;
- Remain agile and diligent when monitoring portfolio;
- Interest Rates: In March interest rates went up 25 basis points, in May they went up 50 basis points, in June they went up 75 basis points and in July they went up another 75 basis points;
  - Right now, interest rates range between 2.25% to 2.50%.
  - By the end of 2022, according to JP Morgan's report, rates could range between 3.25% and 3.50% and between 3.75% and 4.00% by the end of 2023.
- The national unemployment rate as of July 30, 2022, is 3.5%. It is slightly down from 3.6% in June 2022.

# Investment Strategic Plan

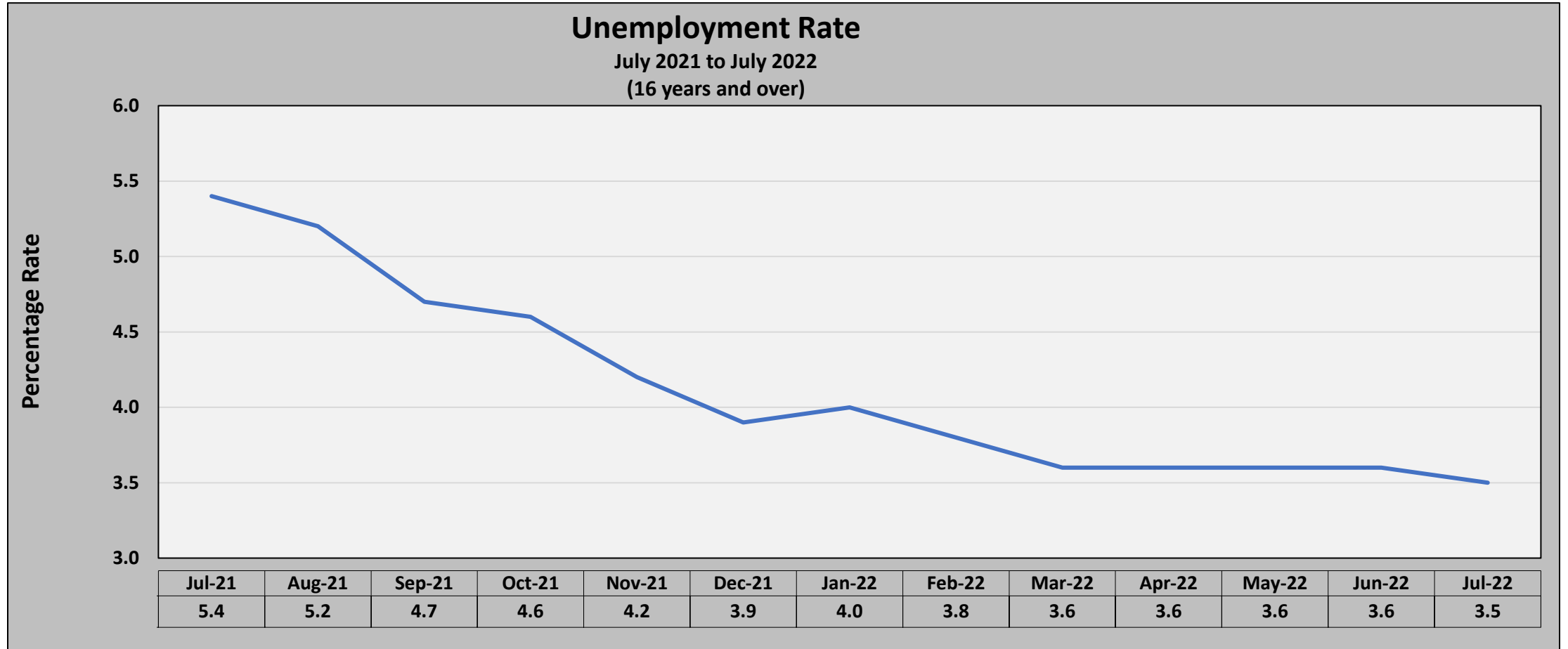


- Inflation present; Consumer Price Index (CPI)- 8.5 % as of July 2022.
  - According to the US Bureau of Labor Statistics, the CPI for All Urban Consumers increased 9.1% in June, the largest 12-month increase since 1981. As of July, CPI decreased to 8.5%.
- Core Personal Consumption Expenditures (PCE – excluding food and energy) - 4.6% (July – year over year comparison).
  - Target PCE is 2.0%
- Jobs added in July 2022 – According to the US Bureau of Labor Statistics, nonfarm payrolls rose by 528,000.
  - Where are these jobs? Professional and business services, leisure and hospitality; and health care. According to the US Bureau of Labor Statistics, Private Sector employment is 629,000 higher than in February of 2020 but Government employment is 597,000 lower than its pre-pandemic level.

# Investment Strategic Plan – CPI Stats



# Investment Strategic Plan – Unemployment Rate



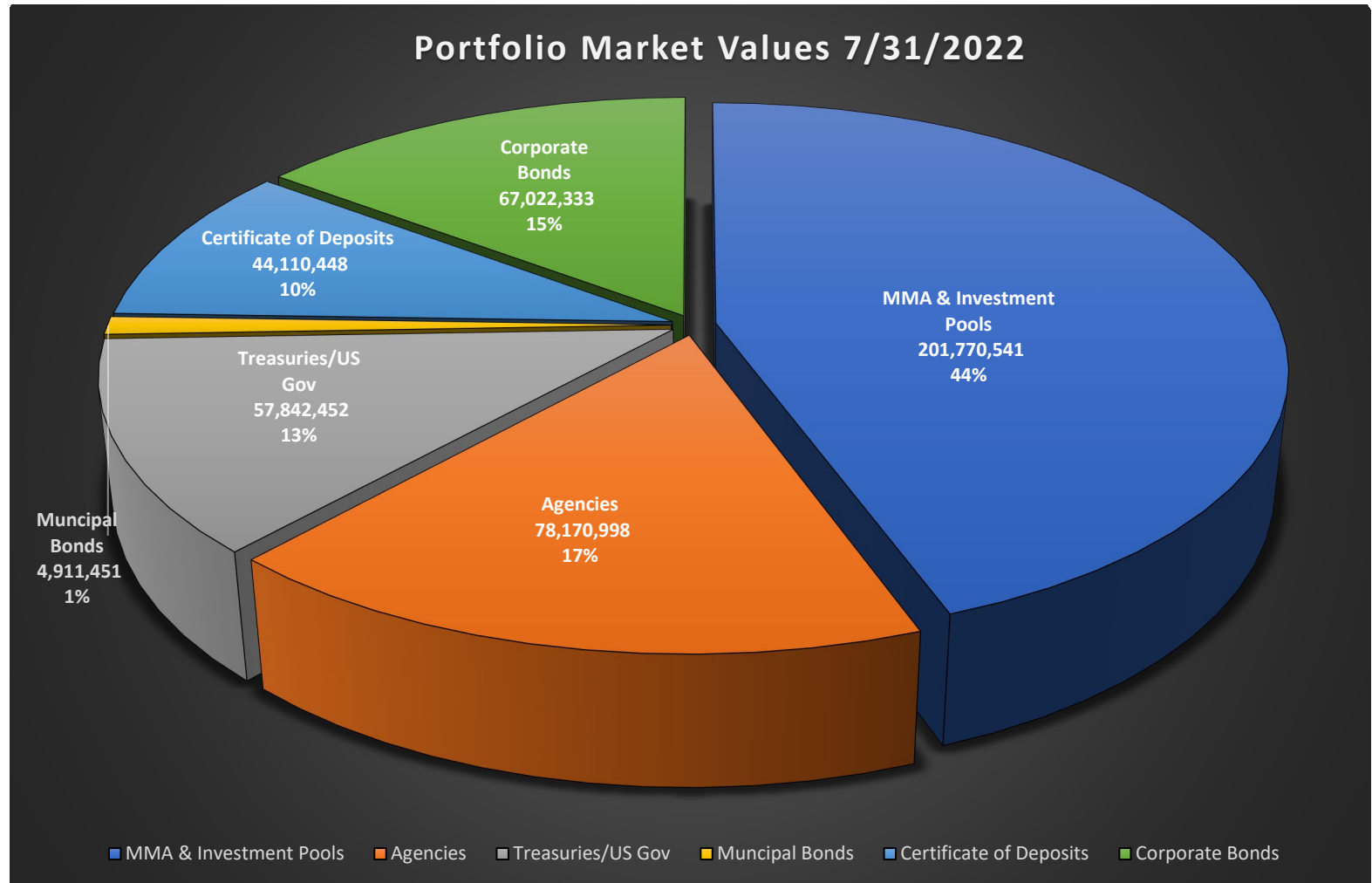
# Total Portfolio – FY 2022 – 3 Qtr's. Only

Assets	Q1 12/31/2021	Q2 3/31/2022	Q3 6/30/2022
MMA & Investment Pool	202,090,982	244,181,079	199,897,791
Agencies	69,683,053	66,478,705	77,739,253
Treasuries/US Gov	32,361,875	28,360,781	55,024,156
Municipal Bonds	4,366,328	4,301,679	4,918,664
Certificate of Deposit	54,273,743	54,257,714	44,110,448
Corporate Bonds	68,632,360	51,958,950	70,698,509
<b>TOTAL</b>	<b>431,408,341</b>	<b>449,538,908</b>	<b>452,388,821</b>



# Total Portfolio – Market Values – July 31, 2022

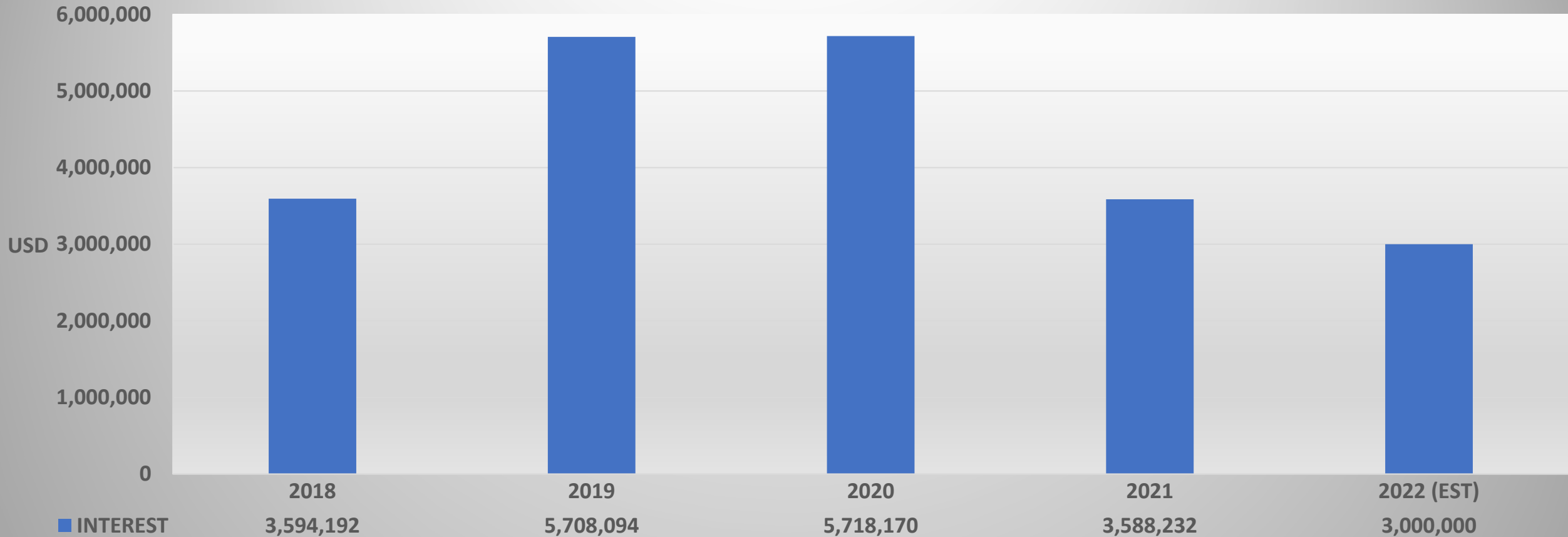
Assets (Millions)	7/31/2022
MMA & Investment Pool	201,770,541
Agencies	78,170,998
Treasuries/US Gov	57,842,452
Municipal Bonds	4,911,451
Certificate of Deposit	44,110,448
Corporate Bonds	67,022,333
<b>TOTAL</b>	<b>453,828,223</b>





# Total Portfolio – Interest Earnings

Investment Earnings: 5 Year History (FY 2022 YTD is Estimated)





# Portfolio Risks

Reinvestment  
Risk

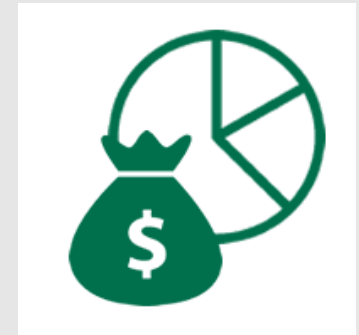
Hold Cash;  
Resume  
Buying

Rebalancing

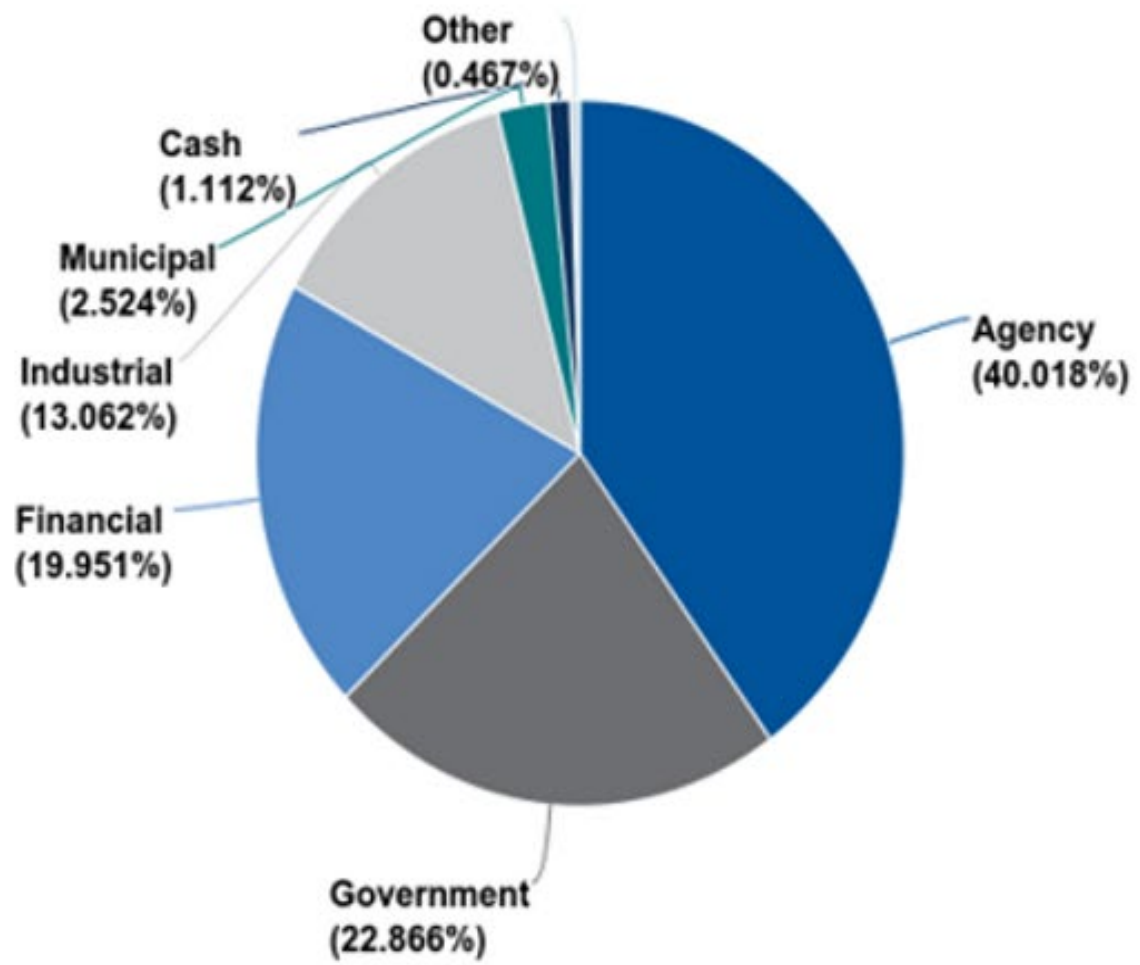


# Portfolio Management

- The cash forecasting process is dynamic. We refine the cash forecasting techniques as needed.
- Since the interest rates were continuing to rise, we were pursuing Short Term – 3-6 Month investments. Now we have switched to purchasing longer term investments to maximize rate of return.
- Management Direction:
  - Team realignment
  - Hybrid Approach – Finance Investment Manager with a Third Party Money Manager. Top 4 bidders made presentations to the Investment RFP team on July 13,2022. This is pending legal review.



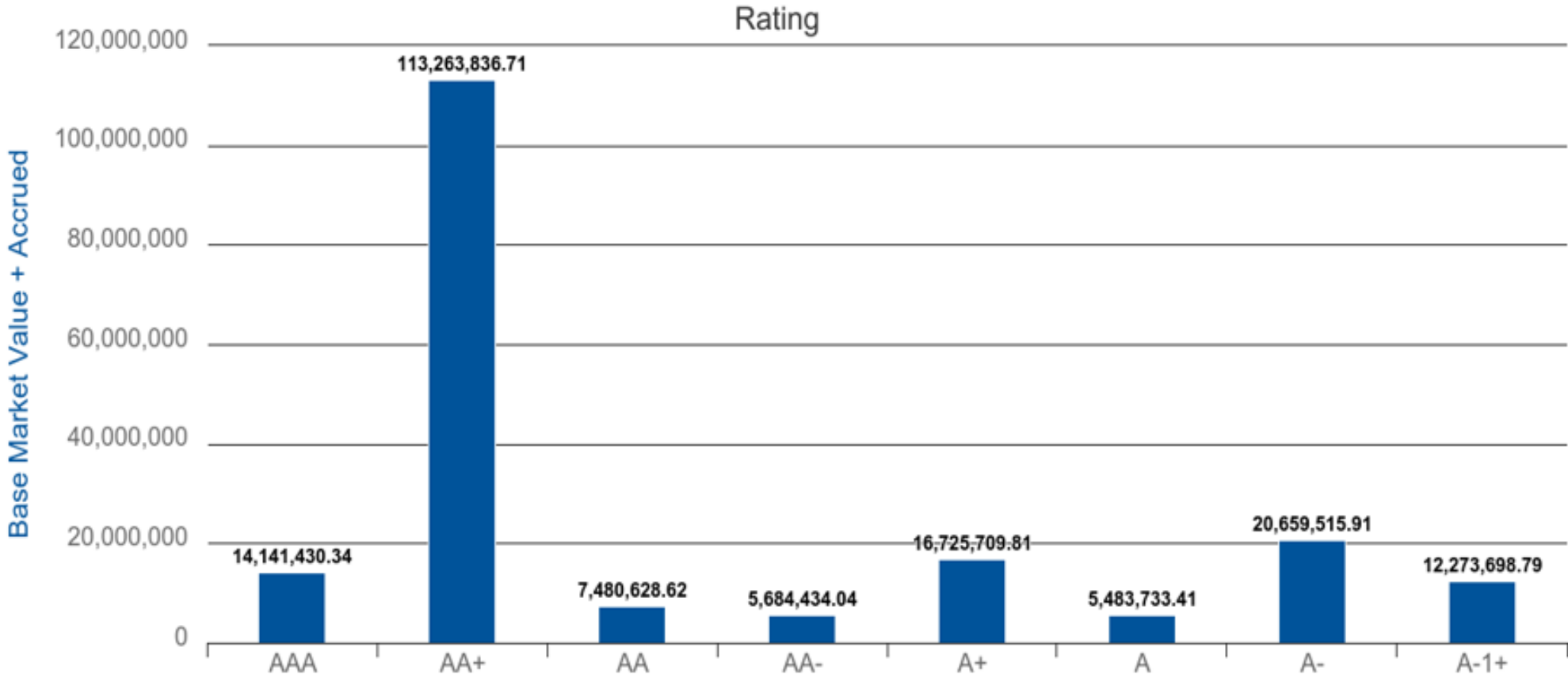
# Exposure - Market Sector



as of: 7/31/2022



# Exposure – Credit Rating



as of 7/31/2022



# Questions ?

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# SOURCES OF DATA

- **Source of Data:**
- <https://www.bls.gov/news.release/pdf/empsit.pdf>;
- <https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category-line-chart.htm>
- <https://www2.clearwateranalytics.com/>
- <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/economic-and-market-update/>
- <https://www.cnbc.com/2022/07/27/fed-decision-july-2022-.html>
- <https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>