

David Cutaia

From: David Cutaia
Sent: Monday, September 20, 2021 9:51 AM
To: David Cutaia
Subject: FW: City investment funds

From: cecilia brown <brownsknight1@cox.net>
Sent: Friday, September 17, 2021 7:47 AM
To: Stuart Kasdin <skasdin@cityofgoleta.org>; Kyle Richards <krichards@cityofgoleta.org>
Subject: City investment funds

Councilmembers Kasdin and Richards,

I am forwarding you information I obtained from Luke Rioux who sent it to me upon my request after I had watched the Finance and Audit Committee meeting this week. Luke was most generous of his time to provide me the info below and at the attachment which I found most interesting. As Luke explains the Council will see the info in the attachment at your Sept 21th meeting on the consent agenda.

I am writing in advance of that meeting about info on the 3rd page of the attachment which lists the amount and location of funds in the City's investment portfolio. I was rather surprised to see that out of a fund total of \$71,825,872, \$64,000,000 is held at Community West Bank in a money market account. I appreciate that Luke moved the money to that institution to get a better rate of return on the funds than what was being earned at the State. However, I wonder if the concentration of the City's funds at this one local institution's is prudent just for the sake of a higher rate of return on the investment.

Per the City's investment policy: "the overall primary objectives, which are, in order of priority: safety, liquidity, and yield." The two policies regarding liquidity and yield appear to be met. As members of the Finance and Audit Committee, I would appreciate your reviewing whether the safety objective has been. My interests are in the safety of City investment funds.

Thank you for considering my comments.
Cecilia Brown

From: [Luke Rioux](#) that \$64,000,000.00
Sent: Tuesday, September 14, 2021 5:36 PM
To: [cecilia brown](#)
Subject: RE: Interest earned on overnight pooled investments

Hi Cecilia,

Thank you for attending! I attached our latest monthly investment transaction report for August. This report will be on the consent calendar for the City Council Meeting on September 24, 2021. It contains summary information on the total amounts held with each investment (see last page) as of August 31. We recently transferred \$31 million away from PMIA/LAIF (Pooled Money Investment Account/Local Agency Investment Fund) managed by the State of CA back to our

money market account with Community West Bank due to the lower interest rate the State investment pool has been recently earning. This transfer was done in July.

The PMIA/LAIF has been trending lower and the quarterly apportionment rate for LAIF was 0.33% for the quarter ended June 30, 2021. The PMIA monthly yield for July and August was at 0.221%, and anticipating LAIF's next quarterly apportionment to be around 0.22% . The agreement we have with Community West Bank for our money market account ensures that our City's interest rate is never below 0.7098%, and will match PMIA/LAIF when it is higher. So as of right now the majority of the City's funds are held in our money market account.

As for instruments the money is invested in in the pooled funds, the PMIA/LAIF is mostly Treasuries ~69% and then Agencies at ~16%. So yes, mostly government issues. The rest would be CDs or Time Deposits with Banks.

More details about PMIA/LAIF performance, including their monthly portfolio composition can be found here: https://www.treasurer.ca.gov/pmia-laif/performance/PMIA-LAIF_perform.pdf

More details about PMIA and their specific investments can be found here in the Reporting Documents section: <https://www.treasurer.ca.gov/pmia-laif/pmia/index.asp>

For the period between July 1, 2020 through June 30, 2021 we earned the following interest on our overnight pooled funds:

Money market account with Community West Bank: \$119,654.14
PMIA/LAIF: \$181,590.74

Please let me know if you have any additional questions.

Best,
Luke

Luke Rioux

Finance Director

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From: cecilia brown <brownknight1@cox.net>

Sent: Tuesday, September 14, 2021 3:59 PM

To: Luke Rioux <lrioux@cityofgoleta.org>

Subject: Interest earned on overnight pooled investments

Hi Luke, always enjoy watching your presentation of City finances at the Finance Committee meetings. Really interesting.

Meant to ask this question at the meeting this afternoon. Since City has a lot of \$\$\$ in its overnight pooled investments, what is interest rate and how much interest has City earned on it funds there year to date. Do you have info on what kind of instruments the money is invested in? Is it all govt issues?

Thank you,
Cecilia Brown