



Item No. 2 Town of Atherton

FINANCE COMMITTEE STAFF REPORT

TO: FINANCE COMMITTEE

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: JANUARY 9, 2024

SUBJECT: PRESENTATION BY INSIGHT ASSET MANAGEMENT INVESTMENT PROGRAM REVIEW OF THE TOWN PORTFOLIO. REVIEW STATEMENT OF INVESTMENT POLICY AND IF APPROPRIATE MAKE RECOMMENDATIONS OF CHANGES TO STATEMENT OF INVESTMENT POLICY FOR CITY COUNCIL APPROVAL

RECOMMENDATION

Review the Town investment program with Insight Asset Management Group and review the statement of investment policy. If appropriate discuss and make recommendations for changes to the Statement of Investment Policy for city council approval.

BACKGROUND

Dave Witthohn, Senior Portfolio Manager for Insight investment is in person today to discuss our November 2023 investment portfolio program, and provide an outlook of the economy, market environment, and latest interest rate strategy by the Federal Reserve. Staff also returns with the annual review of the Investment Policy by the Finance Committee. This is to ensure consistency with overall investment objectives of preservation of principal, liquidity, yield, and diversification. It is also done for possible recommendations of changes to the policy. *This does not constitute that changes need to take place within the policy.* As of November 30, 2023, the total investment portfolio for the Town is \$16,112,649 as illustrated in the Insight investment review book. The Town has an additional \$12,426,784 in LAIF and operating account of \$904,518 with an approximate total cash and investment of \$29,443,951.

The investment policy provides investment avenues for the Town. With the recent increase in the interest rates since March of 2022, the Town portfolio has taken advantage of investment returns. Insight Asset Management provides non-discretionary investment advisory services to the Town for investments. Staff works in conjunction with Insight to ensure cash and investments adhere to our goals of safety, liquidity, and yield. To facilitate the trading and safekeeping of securities, Principal serves as the safe-keeping agent for the Town.

The Town looks for investment opportunities that are diversified, consistent with safety risk and flexible depending upon the outlook for the economy, and cash needs of the Town. The Investment Policy was last reviewed at the committee's January 2023 meeting. No changes

were made to the policy. ***Staff believes there are no changes needed to the policy at this time.*** The Town investment policy is well positioned. It is good fiscal practice to review for any potential increase in investment opportunities. Mr. Witthohn will discuss in detail the current investment avenues for the Town portfolio.

The main objectives of Town investments include preservation of capital and protection of investment, maintenance of appropriate liquidity to meet cash flow needs, attainment of market rate of return, and diversification. The Town's main types of instruments used for investments include United States Treasury Bills, Federal Instrumentality, Medium Term Notes (corporate bonds), and State of California's Local Agency Investment Fund (LAIF).

As of November 2023, our current portfolio market value is approximately \$16 Million. For maintenance of sufficient liquidity for major capital projects, staff reviews the duration of investments. Since the completion of the Town Center, the liquidity needs for the Town have shifted. *Staff considers reinvesting cash in longer-duration investments while capitalizing on increased interest rates. During calendar year 2023, \$4.8 million of investments are set to mature.*

Currently, staff is recommending no changes to the Town Investment Policy.

ATTACHMENTS

Insight Investment -Town Investment Review Book
Statement of Investment Policy