



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 8/9/2021

ITEM NO: 3

DATE: August 10, 2021
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Fourth Quarter Investment Report (April through June 2021) for Fiscal Year 2020/21.

RECOMMENDATION:

Receive the Fourth Quarter Investment Report (April through June 2021) for Fiscal Year (FY) 2020/21.

DISCUSSION:

This Investment Report was provided to the Finance Commission on August 9, 2021.

As of June 30, 2021, the Town's weighted portfolio yield was 1.37% which trended above the Local Agency Investment Fund (LAIF) yield of 0.26%. This favorable yield differential to LAIF was primarily due to the LAIF portfolio's weighted average maturity (WAM) of 291 days and the Town's longer WAM of 526 days. The Town's weighted average rate of return of 1.37% at the close of the Fourth quarter was 68 basis points lower when compared to the Fourth quarter return of 2.05% in 2020.

In the Fourth quarter, LAIF yields continued their steady decline each month for the year. Staff in coordination with the Town's investment advisor primarily replaced maturing investments in shorter term maturities in the two to three year maturity range. These investments capture current yields that exceed the rates expected to be earned in the State Local Agency Investment Fund (LAIF) pool during that same time period. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

In mid-June 2021 the Federal Reserve (Fed) released its latest statement announcing no change to its current policy. The Fed said it is committed to keeping the target range for the federal funds rate at 0% to 0.25% until labor market conditions and inflation meet the Fed's desired targets.

PREPARED BY: Stephen Conway
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

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CONCLUSION:

Staff recommends that the Town Council receive the Fourth Quarter Investment Report (April through June 2021) for Fiscal Year 2020/21.

Attachment:

1. Fourth Quarter Investment Report for FY 2020/21 (April through June 2021)