



Lake Havasu City

Lake Havasu City
Council Chambers
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Legislation Details (With Text)

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Title: Investment Report as of September 30, 2021 (Jill Olsen)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Investment Report - Sept 2021 Council

Date	Ver.	Action By	Action	Result
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COUNCIL COMMUNICATION

TO: Honorable Mayor and Council

FROM: Jill Olsen, Administrative Services Director

SUBJECT:
Investment Report as of September 30, 2021 (*Jill Olsen*)

FUNDING SOURCE:
N/A

PURPOSE:
To present the September 30, 2021, Investment Report to Council.

BACKGROUND:
This investment report conforms to the City's adopted Investment Policy. The investment objectives of the City include safety, liquidity and yield - in that order. Standards of care have been used in making investment decisions for the City. Investments are purchased with the intention to hold to maturity, generally follow a two-year ladder plan, and are held by an independent third-party custodian.

As of September 30, 2021, the weighted average rate of return for the City's investment portfolio (excluding LGIP and JPMorgan Chase) was 1.76 percent with an average yield to maturity of .12 percent and the average years to maturity is 1.2 years. As a point of comparison, the current yield for the Arizona State Treasurer's Local Government Investment Pool (LGIP) 700, which invests in medium-term securities backed by the U.S.

Government, was .27 percent for the quarter ending September 30, 2021. The LGIP's Pool 700 holdings are very similar to those of the City's investment portfolio and therefore, provide a reasonable benchmark for comparison.

The economic growth forecast continues to show recovery from the pandemic, but it is not even in all sectors. Inflation is the principal driver of rates in terms of market acceptance. Federal Reserve (Fed) officials continue to indicate a willingness for the Fed to support the economy through Fed action. The Fed has committed to a Fed Funds rate at 0% to .25% through 2023. In addition, unemployment rate is lower than a year ago, which is typically an indicator of a lack of wage inflation. The outlook for the state remains positive, but the pandemic will still influence the pace of recovery. The pessimistic scenario assumes slower recovery if there is less progress against the virus. The optimistic scenario assumes quicker recovery if vaccines remain effective against emerging variants and the vaccination progress outpaces the outbreak.

COMMUNITY IMPACT:

No direct impact. Indirect impact to the community is an increase or decrease in investment earnings based on the market environment, which helps fund government and enterprise activities.

FISCAL IMPACT:

N/A

ATTACHMENTS:

Lake Havasu City Current Investments Report - September 30, 2021

SUGGESTED MOTION:

N/A