



City of Gainesville

Budget & Finance Department

To: Lee R. Feldman, ICMA-MA, City Manager

Via: Fred Murry, Assistant City Manager 
Fredrick J Murry (Sep 13, 2021 13:36 EDT)

From: Cintya Ramos, Finance Director 

Date: September 22, 2021

RE: Fiscal Year 2021 Third Quarter Investment Reports for the Operating Fund, General Employees' Pension Fund, Police Officers' and Firefighters' Pension Fund, Retiree Health Insurance Trust Fund, and Evergreen Cemetery Trust Fund for the period ended June 30, 2021

The City of Gainesville's Investment Policy, effective June 18, 2020, Section X-3 "Performance Standards and Reporting" requires quarterly investment reports that provide an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter for the City.

The objectives of the City's Investment Policy are the safety of principal, the maintenance of liquidity and the return on investment. Portfolios are managed to meet anticipated cash flow requirements and specific benchmarks on returns. The City's portfolio governed under this investment policy includes:

- General Government Operating Funds (day-to-day operating and reserves)

The following funds operate under separate investment policies specific to their plans but their investment performance is also included in this report:

- Evergreen Cemetery Trust
- General Employees' Pension Plan
- Police Officers' & Firefighters' Pension Plan
- Retiree Health Insurance Trust Fund – OPEB (restricted)

The following table provides each portfolio's balance as of the end of the third quarter of Fiscal Year 2021 (period ended June 30, 2021), the quarter end market value, quarterly interest, dividends or gains earned (if any), the quarter return, fiscal year to date return, annualized return, and the projected fiscal year return. It is important to note that past financial performance is not a guarantee of future results.

Additionally, the benchmarks for each asset, pension and trust investment and its performance over the same period are provided. City Operating Fund investments are currently benchmarked to the Effective Fed Funds Rate and the S&P AAA-AA Government Investment Pool Index, and the Bloomberg 1-3 Year Treasury Index is also provided for

reference. The Evergreen Cemetery Trust Fund, General Employees' Pension Plan, Police Officers' & Firefighters' Pension Plan and Retiree Health Insurance Trust Fund are benchmarked to customized indexes based on their specific asset allocations, and specified by each Fund's Investment Policy Statement.

**City of Gainesville Investment Performance Overview
FY 2021 Third Quarter (period ended June 30, 2021)**

	Quarter End Market Value	Quarterly Interest Earned	Quarter Return	Fiscal Year to Date Return	12 Month Return	Projected Fiscal Year Return
OPERATING FUND ASSETS						
SBA Prime Fund	\$ 157,863,693	\$ 41,606	0.11%	0.16%	0.22%	0.12%
<i>Annualized Effective Fed Funds Rate</i>			0.07%	0.08%	0.08%	0.08%
<i>Annualized S&P AAA-AA GIP Index</i>			0.04%	0.07%	0.10%	0.06%
<i>Bloomberg 1-3 Year Treasury Index</i>			-0.05%	-0.05%	0.04%	0.00%
Truist Bank Accounts (see Note 1)	\$ 2,744,397	\$ 2,283	0.20%	0.20%	0.24%	0.20%
<i>Annualized Effective Fed Funds Rate</i>			0.07%	0.08%	0.08%	0.10%
Total Operating and Capital Funds	\$ 160,608,090		0.11%	0.16%	0.22%	0.12%
	Quarter End Market Value	Quarterly Interest, Dividends, Gains	Quarter Return	Fiscal Year to Date Return	12 Month Return	Projected Fiscal Year Return
PENSION AND TRUST INVESTMENTS						
Evergreen Cemetery Trust Fund	\$ 1,893,580	\$ 108,588	6.08%	37.00%	45.96%	38.00%
<i>Trust Investment Policy Index</i>			6.52%	24.10%	32.63%	25.00%
General Employees' Pension Plan	\$ 729,547,326	\$ 35,699,006	5.15%	27.08%	33.87%	28.00%
<i>Plan Investment Policy Index</i>			5.96%	23.86%	32.04%	25.00%
Police Officers' & Firefighters' Pension Plan	\$ 356,616,559	\$ 15,532,263	4.70%	23.40%	30.50%	24.00%
<i>Plan Investment Policy Index</i>			5.60%	22.20%	29.70%	23.00%
Retiree Health Insurance Trust (OPEB)	\$ 74,095,906	\$ 4,307,733	6.36%	25.69%	31.67%	26.00%
<i>Trust Investment Policy Index</i>			4.97%	26.62%	31.14%	27.00%
Total Pension & Trust Investment Assets	\$ 1,162,153,371		5.09%	25.88%	32.72%	26.66%
TOTAL CITY ASSETS	\$ 1,322,761,462		4.49%	22.76%	28.77%	23.44%

Notes:

*Truist Bank Accounts receive Earned Income Credits that offset banking services fees. Once the Earned Income Credit threshold is reached, the account accrues interest based on the average daily balance above that threshold.

The General Government pooled cash is held in the SBA Prime Fund and interest bearing Truist demand deposit bank accounts. As of June 30, 2021, the cash and investment balance was \$157,863,693. Fiscal year-to-date interest of \$186,412 was earned at an annualized rate of return of 0.16%.

The Evergreen Cemetery Trust Fund is managed by the City in accordance with its Investment Policy. As of June 30, 2021, the Fund had an investment account balance of \$1,893,580 with a fiscal year-to-date investment return of 37.00%.

The General Employees' Pension Plan is managed by the City in accordance with its investment policy. As of June 30, 2021, the Plan had an investment account balance of \$729,547,326 with a fiscal year-to-date investment return of 27.08%.

The Police Officers' & Firefighters' Pension Plan is managed by the Plan's Board of Trustees in accordance with its investment policy. As of June 30, 2021, the Plan had an investment account balance of \$356,616,559 with a fiscal year-to-date investment return of 23.4%.

The Retiree Health Insurance Trust Fund is managed by the City in accordance with its investment policy. As of June 30, 2021, the Fund had an investment account balance of \$74,095,906 with a fiscal year-to-date investment return of 25.69%.

Detailed quarterly reports related to the City's SBA Prime Fund account & SunTrust/Truist bank accounts, Evergreen Cemetery Trust Fund, General Employees' Pension Plan, Police Officers' & Firefighters' Pension Plan and Retiree Health Insurance Trust Fund are included as back-up to this memorandum. The reports are derived from applicable bank and custodian statements, and are provided by staff and respective investment consultants.

Additionally, two internal review committees meet quarterly to review the portfolio's performance, economic and market conditions to ensure the City is most favorably positioned in its investment portfolios.