




# City of Gainesville

Budget & Finance Department

210647-A

To: Cynthia W. Curry, Interim City Manager

Via: Fred Murry, Assistant City Manager   
FM (Nov 9, 2021 16:40 EST)

From: Cintya Ramos, Finance Director 

Date: November 17, 2021

RE: Fiscal Year 2021 Year-End 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 September 30, 2021

---

The City of Gainesville's Investment Policy, effective November 4, 2021, 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 year-end for Fiscal Year 2021 (period ended September 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 Year-End (Period Ended September 30, 2021)

	Quarter End Market Value	Quarterly Interest Earned	Fiscal Year Interest Earned	Quarter Return	Fiscal Year to Date Return	12 Month Return	Projected Fiscal Year Return
<b>OPERATING FUND ASSETS</b>							
SBA Prime Fund	\$ 145,913,815	\$ 50,122	\$ 236,534	0.13%	0.15%	0.15%	0.12%
Annualized Effective Fed Funds Rate				0.09%	0.08%	0.08%	0.08%
Annualized S&P AAA-AA GIP Index				0.03%	0.06%	0.06%	0.06%
Bloomberg 1-3 Year Treasury Index				0.02%	0.00%	0.00%	0.00%
Truist Bank Accounts <sup>1</sup>	\$ 56,650,107	\$ 3,960	\$ 20,541	0.20%	0.20%	0.20%	0.20%
Annualized Effective Fed Funds Rate				0.09%	0.08%	0.08%	0.08%
Total Operating and Capital Funds	\$ 202,563,922	\$ 54,082	\$ 257,075	0.15%	0.16%	0.16%	0.14%
	Quarter End Market Value	Quarterly Interest, Dividends, Gains	Fiscal Year Gains, Dividends & Interest	Quarter Return	Fiscal Year to Date Return	12 Month Return	Projected Fiscal Year Return
<b>PENSION AND TRUST INVESTMENTS</b>							
Evergreen Cemetery Trust Fund <sup>2</sup>	\$ -	\$ -	\$ 511,370	0.00%	37.00%	37.00%	37.00%
Trust Investment Policy Index				-0.57%	23.39%	23.39%	25.00%
General Employees' Pension Plan	\$ 693,928,087	\$ (10,934,900)	\$144,617,382	-1.47%	25.21%	25.21%	28.00%
Plan Investment Policy Index				-0.86%	22.79%	22.79%	25.00%
Police Officers' & Firefighters' Pension Plan	\$ 336,776,101	\$ (2,139,699)	\$67,079,165	-0.60%	23.10%	23.10%	24.00%
Plan Investment Policy Index				-0.80%	21.50%	21.50%	23.00%
Retiree Health Insurance Trust (OPEB)	\$ 71,150,854	\$ (377,889)	\$14,449,130	-0.51%	25.04%	25.04%	26.00%
Trust Investment Policy Index				-1.36%	25.34%	25.34%	27.00%
Total Pension & Trust Investment Assets	\$1,101,855,042	\$ (13,452,488)	\$226,657,047	-1.14%	24.55%	24.55%	26.65%
<b>TOTAL CITY ASSETS</b>	<b>\$1,304,418,964</b>	<b>\$ (13,398,406)</b>	<b>\$226,914,122</b>	<b>-0.94%</b>	<b>20.77%</b>	<b>20.77%</b>	<b>22.53%</b>

**Notes:**

<sup>1</sup>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.

<sup>2</sup>At the direction of the Operating Funds Investment Committee, the Evergreen Cemetery Trust Fund Fidelity investment account was closed on 7/1/21, and the balance of \$1,893,580 was transferred to the City's Truist Bank Treasury Account. The intention was to move the Trust Fund assets to a Morgan Stanley investment account, but Morgan Stanley rejected the Trust Fund assets because they no longer accept public funds of this type for investment accounts. A new Trust Fund investment account was recently opened at TD Ameritrade, and Trust Fund assets will be invested in that account.

The General Government pooled cash is held in the SBA Prime Fund and interest bearing SunTrust/Truist demand deposit bank accounts. As of September 30, 2021, the cash and investment balance was \$202,563,922. Fiscal year-to-date interest of \$257,075 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 September 30, 2021, the Fund had an investment account balance of \$0 due to a July 1, 2021 transfer of \$1,893,580 from the Fidelity investment account to the City's Truist Bank Treasury Account. Those assets are currently held in cash awaiting transfer to a new TD Ameritrade investment account. The Trust Fund earned a fiscal year-to-date investment return of 37.00% through June 30, 2021, but did not have investment earnings from July 1, 2021 through September 30, 2021.

The General Employees' Pension Plan is managed by the City in accordance with its investment policy. As of September 30, 2021, the Plan had an investment account balance of \$693,928,087 with a fiscal year-to-date investment return of 25.21%.

The Police Officers' & Firefighters' Pension Plan is managed by the Plan's Board of Trustees in accordance with its investment policy. As of September 30, 2021, the Plan had an investment account balance of \$336,776,101 with a fiscal year-to-date investment return of 23.10%.

The Retiree Health Insurance Trust Fund is managed by the City in accordance with its investment policy. As of September 30, 2021, the Fund had an investment account balance of \$71,150,854 with a fiscal year-to-date investment return of 25.04%.

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.