



City of Gainesville

Finance Department

To: The Honorable Mayor and City Commission

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

From: Cintya Ramos, Finance Director *CR*

Date: March 10, 2021

RE: FY2021 First Quarter Investment Report for Period Ended December 30, 2020

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 first quarter of Fiscal Year 2021 (ended December 31, 2020), the quarter end market value, quarterly interest 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. 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 First Quarter (period ended December 31, 2020)

| Portfolios | Quarter End Market Value | Quarterly Interest Earned | Quarter Return | Fiscal Year to Date Return | Twelve Month Return | Projected Fiscal Year Return |
|--|--------------------------|---------------------------|----------------|----------------------------|---------------------|------------------------------|
| OPERATING FUND ASSETS | | | | | | |
| SBA Prime Fund | \$ 159,760,769 | \$ 83,488 | 0.23% | 0.23% | 0.76% | 0.23% |
| <i>Annualized Effective Fed Funds Rate</i> | | | 0.09% | 0.09% | 0.38% | 0.10% |
| <i>Annualized S&P AAA-AA GIP Index</i> | | | 0.09% | 0.09% | 0.59% | 0.08% |
| Truist Bank Account Earned Income Credit | \$ 4,227,754 | \$ 11,480 | 0.20% | 0.20% | 0.33% | 0.20% |
| Truist Bank Account Interest | \$ - | \$ 719 | 0.02% | 0.02% | 0.24% | 0.02% |
| <i>Annualized Effective Fed Funds Rate</i> | | | 0.09% | 0.09% | 0.38% | 0.10% |
| Total Operating and Capital Funds | \$ 163,988,523 | \$ 95,687 | 0.23% | 0.23% | 0.75% | 0.23% |
| PENSION AND TRUST INVESTMENTS | | | | | | |
| Evergreen Cemetery Trust Fund | \$ 1,615,692 | | 16.89% | 16.89% | 10.72% | 22.00% |
| <i>Trust Investment Policy Index</i> | | | 12.02% | 12.02% | 16.61% | 20.00% |
| General Employees' Pension Plan | \$ 648,681,884 | | 13.03% | 13.03% | 9.31% | 18.00% |
| <i>Plan Investment Policy Index</i> | | | 12.41% | 12.41% | 13.51% | 17.00% |
| Police Officers' & Firefighters' Pension Plan | \$ 318,228,780 | | 10.00% | 10.00% | 11.10% | 15.00% |
| <i>Plan Investment Policy Index</i> | | | 11.30% | 11.30% | 14.00% | 15.00% |
| Retiree Health Insurance Trust (OPEB) | \$ 66,934,535 | | 12.93% | 12.93% | 6.60% | 18.00% |
| <i>Trust Investment Policy Index</i> | | | 14.39% | 14.39% | 7.87% | 19.50% |
| Total Pension & Trust Investment Assets | \$1,035,460,891 | | 12.10% | 12.10% | 9.69% | 17.08% |
| TOTAL CITY ASSETS | \$1,199,449,414 | | 10.48% | 10.48% | 8.47% | 14.78% |

The General Government pooled cash is held in the SBA Prime Fund and an interest bearing demand deposit account. As of December 31, 2020, the cash and investment balance was \$163,988,523. Fiscal year-to-date interest of \$95,687 was earned at an annualized rate of return of 0.23%.

The Evergreen Cemetery Trust Fund is managed by the City per its investment policy. As of December 31, 2020, the Trust has a balance of \$1,615,692 with a fiscal year-to-date investment return of 16.89%.

The General Employees' Pension Fund is managed by the City per its investment policy. As of December 31, 2020, the pension fund had a fund balance of \$648,681,884 with a fiscal year-to-date investment return of 13.03%.

The Police Officers' & Firefighters' Pension Fund is managed by the Plan's Board of Trustees per its investment policy. As of December 31, 2020, the pension fund had an investment fund balance of \$318,228,780 with a fiscal year-to-date investment return of 10.00%.

The Retiree Health Insurance Trust Fund is managed by the City per its investment policy. As of December 31, 2020, the Trust has a balance of \$66,934,535 with a fiscal year-to-date investment return of 12.93%.

The detailed quarterly reports related to the Evergreen Cemetery Trust, General Employees' Pension Plan, Police Officers' & Firefighters' Pension Plan and Retiree Health Insurance Trust Fund are included as back-up to this memorandum and are provided by those plan's respective investment managers.

Additionally, the 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.