



**EAST BAY REGIONAL PARK DISTRICT  
FINANCE COMMITTEE  
AGENDA STAFF REPORT**

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<b>DATE</b>	February 28, 2024
<b>TITLE</b>	Quarterly Report and Market Review for December 31, 2023 and 2024 Investment Policy Approval
<b>DIVISION</b>	Finance and Management Services
<b>FROM</b>	Deborah Spaulding, Assistant General Manager of Finance and Management Services/CFO

**APPROVED**

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**RECOMMENDATION**

Staff requests that the Board Finance Committee recommend to the full Board of Directors acceptance of the December 31, 2023 Investment Report as well as the 2024 Investment Policy. The 2024 Investment Policy is unchanged from the prior year, but is provided to the Finance Committee and full Board of Directors for review and approval as a best practice, and as required by the Policy.

**BACKGROUND**

The Park District maintains an investment strategy which is outlined in the Park District's Investment Policy. The Investment Policy is reviewed and approved annually by the Board of Directors. If changes are required by State law, or recommended by our investment advisors, the Policy will be provided to the Board in "track changes" format, so that the changes can be more easily reviewed. The Investment Policy must still be reviewed annually by the Board even if no changes are recommended. This helps Board members become familiar with the investment objectives, strategy, and restrictions.

Additionally, attached is the Park District's quarterly cash and investment report for the fourth quarter of 2023. Quarterly reporting is required by the Investment Policy. The Park District invests funds in accordance with State code, the Board Operating Guidelines and the Park District's Investment Policy.

The total market value of pooled cash and investments held by the Park District at December 31, 2023 was \$303,970,058. The market value of the Park District's pension trust fund, project bond funds held by trustees, and debt service funds were an additional \$122,520,620. The Park District's investments are managed by PFM Asset Management, LLC.

**ANALYSIS**

The Park District's investment portfolio as of December 31, 2023 included \$155.8 million in the "liquidity portfolio." These are funds readily usable, convertible to cash with minimal impact to price. This amount was \$24.8 million higher than the amount available at the end of quarter three. This increase in pooled cash is normal for the fourth quarter, because a large portion of property tax

revenues are received by the Park District in December. These funds will be drawn down in the first quarter of the year, until the next large installment of property taxes is received in April.

#### Invested Funds

At the end of 2023 the market value of the Park District's investments in short, mid-term and long-term securities was approximately \$148.2 million, \$4.3 million more than at the end of the third quarter of 2023. The most significant changes in value were in US Treasuries, with a -\$1.7 million decrease in the fourth quarter, while investments in Federal Agencies increased by \$5.1 million and investments in Asset Backed Securities increased by \$2.2 million.

#### Pension Trust Fund

The market value of the Park District's Pension Trust was \$8.2 million at the end of the fourth quarter, an increase of \$765,000, reflecting investment earnings as well as a \$125,000 contribution to the Trust. These funds will be used to reimburse the Park District for Miscellaneous Plan CalPERS pension costs in future years.

#### Bond Funds

Project bond funds of \$87.1 million were available at the end of the fourth quarter, roughly unchanged from the balance at the end of the third quarter. At December 31, the Park District's debt service funds had balances of \$27.1 million, which is \$19.6 million above the balance at September 30, reflecting the receipt of the tax levy for Measure WW which was paid through property taxes.

The Park District's Environmental, Social, Governance risk rating was roughly unchanged from the prior quarter, at the "Medium" level. PFM will provide additional detail regarding the Park District's investment portfolio's ESG score at the Finance Committee meeting.

### **FISCAL IMPACT**

Investment earnings are a highly variable revenue source for the Park District and for this reason, investment revenue is not budgeted. However, year-to-date, cash and investments have generated over \$6.0 million in revenue in 2023. This positive movement is expected to continue into 2024 as interest rates remain above trend.

### **ATTACHMENTS**

Attachment A - Investment Balances as of December 31, 2023

Attachment B – PFM Investment Performance Review

Attachment C –Cash & Investments by Type

Attachment D – Park District Investment Policy