

CITY TREASURER UPDATE

MAY 2023

CHAD WILLARDSON





What does the City Treasurer do?

The mission of the City Treasurer in Corona is to enhance the economic status of the City while protecting its assets and maximizing the efficiency of the management of the City's funds through prudent investment. The Finance Department supports the City Treasurer in obtaining these goals. Duties include:

- Manage the City's investment portfolio and monitor investment activity
- Review investment strategy and recommend ways to improve the financial results of the portfolio
- Manage the City's relationship with investment advisors, brokers and custodial banks
- Review and make recommendations for modification to the list of permitted investments
- Review and make recommendations regarding the City's Investment Policy
- Monitor and research changes in legislation which govern the management of public investments
- Review investment portfolio for conformance to the CA Gov't. Code and the City's Investment Policy
- Review daily cash management and investment reports to maximize the use of the City's idle cash
- Provide monthly Investment Reports to the City Manager and City Council
- Prepare investment revenue and yield estimates and investment updates for annual budget
- Maintain investment procedures to ensure the portfolio is consistent with the Investment Policy
- Conduct quarterly meetings with the Treasury Committee regarding the investment portfolio
- Invest within the stated portfolio objectives of safety, liquidity and yield



Notable Changes and Improvements

- ❑ Increased communication regarding cash flow, cash position, and investment portfolio has led to higher earnings for the city
- ❑ Consolidated retirement plans for the City and significantly reduced expenses and fees (approved by Council Sept. 2021)
- ❑ Issued Pension Obligation Bonds (Oct. 2021) at a time of historically low interest rates to save taxpayers an estimated \$166 million over the next 20 years.
 - Was a 7% interest rate for a 20-year payment plan and we refinanced at a 2.18% interest rate for a 10-year payment plan
- ❑ City of Corona improved credit rating from AA- to AA+
- ❑ Established Section 115 Trust (Pension Stabilization Trust) in January 2022 and contributed \$30 million June 29th, 2022.
 - Today's (April 2023) market value is nearly \$34 million
 - Invested in the equity markets, not restricted to same rules as the other bond acct
- ❑ Completed annual review/updates of the City's Investment Policy and Pension Stabilization Trust Investment Policy.



Investment Progress – City of Corona

2016 Summary: Baseline Year for comparison

- Total Portfolio value = \$203,021,409
- Total income earned = \$2,730,178

Current Summary

- Total Portfolio value = \$467,288,537
- Total projected 2023 income = \$7,361,042
- Pension Stabilization Trust value = approximately \$34 million
- Higher account values, higher interest rates earned, higher income being earned, lower fees for city retirement plans, lower interest rate and lower total debt costs on city's future pension obligations



Investment Earnings – City of Corona

