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## Memorandum

Date: August 31, 2022  
To: Mayor and Council Members  
From: Michael Rogers, City Manager *MR*  
Via: Sara Cowell, Interim Director of Finance  
Subject: Council Follow-up item 491 – Investment Policy Related to Fossil Fuels

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This memo is regarding Council's ability to prevent investments in funds managed by the City Treasurer from fossil fuels, Council follow-up item 491.

During the February 1, 2022 Council meeting, Council Member Bedolla asked if Council had the policy discretion to prevent or divest funds managed by the City Treasurer from fossil fuel companies. Council Member Arriola seconded a memo to investigate the ability to do so.

An item for discussion was placed on the March 7, 2022 Investment Committee meeting to discuss the ability to revise the investment policy to restrict investments in fossil fuel. Direction was given to staff to work with the City Treasurer to bring back information related to a possible change in investment policy related to fossil fuels, including sample policy language.

On June 13, 2022, staff returned with two sample policies. One with policy language related to fossil fuels and a second with sample language related to Environmental, Social, and Governance (ESG). The City Treasurer presented the information, and a motion was made by Council Member Bedolla to move forward with taking both options to City Council for consideration. The motion did not receive a second, therefore no revisions to the policy will be presented to Council for consideration.

Minutes from the June 13, 2022 meeting are attached for your review.

**Investment Review Committee  
Regular Meeting Minutes  
Monday, June 13, 2022**

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1. Call to Order

Finance Director Schnaider called the meeting to order at 5:37 p.m.

2. Roll Call

Committee Members Present: Nancy Young, Mayor  
Mateo Bedolla, Council Member  
Ray McCray, City Treasurer  
Michael Rogers, City Manager  
Midori Lichtwardt, Assistant City Manager  
Karin Schnaider, Director of Finance

Committee Members Absent: None

Staff Present: Sara Cowell, Accounting Manager  
Nancy Verdugo, Accountant  
Mariann Stolte, Executive Assistant

3. Items from the Audience: Introduce new staff, Nancy Verdugo

4. Approval of the Minutes:

Motion: Finance Director, Karin Schnaider made a motion to approve the March 7, 2022 minutes. (October, November, and December FY 21/22)

Second: City Manager, Michael Rogers

All in Favor: Mayor Young, Council Member Bedolla, City Treasurer McCray, City Manager Rogers, and Finance Director Schnaider

5. Review of 3<sup>rd</sup> Quarter Treasurer Reports:

January 2022

Reviewed by Heather Campbell, Accountant, 03/22/2022

Certified by Ray McCray, City Treasurer, 03/22/2022

February 2022

Reviewed by Heather Campbell, Accountant, 04/28/2022

Certified by Ray McCray, City Treasurer, 04/28/2022

March 2022

Reviewed by Nancy Verdugo, Accountant, 06/06/2022

Certified by Ray McCray, City Treasurer, 06/06/2022

City Treasurer McCray provided an overview of the March 2022 Treasurer's Report, which is all-inclusive of the third quarter.

In March 2022, the On Demand Deposits were at \$45,519,413.49 at the end of the third quarter. Treasurer's Investments Market Value was \$355,455,436.28 and Bond Proceeds totaled \$51,195,726.01

Grand total of all investments was \$452,170,575.78 in Market Value. Treasurer's Pool 79%, Proceeds from Bonds 11%, and On Demand Deposits 10%.

Treasurer Report Highlights:

### **Treasurer's Investments**

- The Wells Fargo Sweep Account - Book Value is \$45,494,458.49 and checking \$24,955.00. This account earns no interest.
- Chandler Asset Management - \$144,255,065.51 Book Value and \$140,402,154.23 Market Value. Average maturity 755 days with an interest rate of 1.28%.
- JP Morgan Securities - \$71,437,928.37 Book Value and \$69,237,848.26 Market Value which is at par. Average maturity 460 days with an interest rate of 0.41%.
- Invesco - \$76,010,877.36 Book Value and \$73,150,252.38 Market Value. Average maturity 996 days with an interest rate of 1.57%
- Local Agency Investment Fund (LAIF) - \$68,625,845.17 with an interest rate of 0.23%
- CAMP - \$4,039,336.24 with an interest rate of 0.25%.
- The average interest rate of the portfolio as of March 2022 was 0.845% with 543 days to maturity.

### **Proceeds from Bond Issues**

- Total Bond Proceeds for March is \$51,195,726.01.

### **Statistical Summary**

- The Treasurer reviewed the Statistical Summary. The average interest rate for March was 0.845%. Pooled Investments Interest Earnings net was \$406,192.17.

### **Tracy Consolidated**

- The Treasurer reviewed the portfolio, explained the liquidity of the portfolio and went over the different types of investments allowed as stated in the City of Tracy Investment Policy that is approved by the City Council.

Motion: Council Member, Mateo Bedolla made a motion to accept the Quarterly Treasurer's report.

Second: City Manager, Michael Rogers

All in Favor: Mayor Young, Council Member Bedolla, City Treasurer McCray, City Manager Rogers, and Finance Director Schnaider

6. Discussion: Review and discuss sample Investment Policy language related to Fossil Fuel and Environmental, Social, and Governance (ESG).

Staff presented two sample options for additional language to the current City of Tracy Investment Policy provided by Chandler Investments.

Option A: Fossil Fuel (page 42 of the complete agenda) and

Option B: Environment, Social and Governance (ESG) (page 64 of the complete agenda).

Council Member Bedolla made a motion to move forward with both option additions to be considered and to have staff compile a report on the financial impact these additions would make, no other committee member seconded the motion, will not proceed forward.

7. Adjournment

Motion to Adjourn: Finance Director, Karin Schnaider

Second: City Manager, Michael Rogers

All in Favor: Mayor Young, Council Member Bedolla, City Treasurer McCray, City Manager Rogers, and Finance Director Schnaider

Oppose: None

Adjournment: 6:30 p.m.