



Milford City Hall Council Chambers 201 South Walnut Street Milford DE 19963

CITY COUNCIL AGENDA January 22, 2024

This meeting is also available for viewing by the public by accessing the following link:

<https://zoom.us/j/94513235909>

or

<http://www.cityofmilford.com/553/Watch-Public-Meetings>

Members of the public may also dial in by phone using the following number:

Call 301 715 8592 Webinar ID: 945 1323 5909

5:00 P.M.

15-Minute Public Comment Period*

Virtual attendees must register prior to start time of meeting by calling 302-422-1111 Extension 1300 or 1303, or by sending an email to cityclerk@milford-de.gov and providing your name, address, phone number, and item name and/or description you wish to comment on. Persons in attendance wishing to speak must sign up prior to the start of the Council Meeting.

FINANCE & AUDIT COMMITTEE ¹

Call to Order – Chair Jason James Sr.

PFM Asset Management LLC/City of Milford Portfolio Presentation ¹

Request for Proposals/Independent Audit Services ¹

Adjournment

All items on the Meeting Agenda are subject to a potential vote.

**SUPPORTING DOCUMENTS MUST BE SUBMITTED TO THE CITY CLERK IN ELECTRONIC FORMAT
NO LATER THAN ONE WEEK PRIOR TO MEETING; NO PAPER DOCUMENTS WILL BE ACCEPTED OR DISTRIBUTED
AFTER PACKET HAS BEEN POSTED ON THE CITY OF MILFORD WEBSITE.**

010424

¹ 011924 Late Agenda Created/Items Received/FD Vitola

Milford, Delaware

Finance Committee Meeting

January 22, 2024 | pfmam.com | 609.452.0263

PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Executive Summary

- ▶ \$30 million initial investment into First American Government Obligations money market fund in September
 - ▶ Allowing funds to be invested in an institutional money market fund generating earnings in excess of cash held at the bank
- ▶ Both portfolios invested in November
 - ▶ Primary Account – approximately \$24.7 million. Initial yield at cost 5.39%
 - ▶ Cash Flow Account – approximately \$4.8 million. Initial yield at cost 4.93%
- ▶ Combined balances as of December 31, 2023 - \$30.89 million
 - ▶ Total portfolio appreciation over the quarter – approximately \$887K or 2.96%
- ▶ \$2.5 million expected to be invested in January driven by FY 24 cash flow analysis

Investment Policy Summary

- ▶ Investment policy limited to investment grade fixed income securities
- ▶ Thresholds and Limitations related to various investment instruments to reduce risk, enhance diversification and ensure the program meets its primary goals:
 - ▶ SAFETY
 - ▶ LIQUIDITY
 - ▶ RETURN ON INVESTMENT
- ▶ Investment Types and Restrictions
- ▶ Credit Quality
- ▶ Issuer Concentration
- ▶ Sector Concentration
- ▶ Duration and Maturity Restrictions
- ▶ 3rd Party Independent Custodian Requirement

Ongoing Communication / Next Steps

- ▶ Refine cashflows
 - ▶ Continue to make sure the City's cash balances are aligned to its goals and objectives for its overall cash management program
- ▶ Annual Investment Policy Review
 - ▶ Review of all permitted investments in alignment with code
 - ▶ Review of governance structure and best practices in alignment with GFOA
- ▶ Standardized Reporting Schedule to Finance Staff and Committee
 - ▶ Robust quarterly performance reporting
 - Market update
 - Holdings
 - Portfolio activity
 - Performance vs. established benchmark

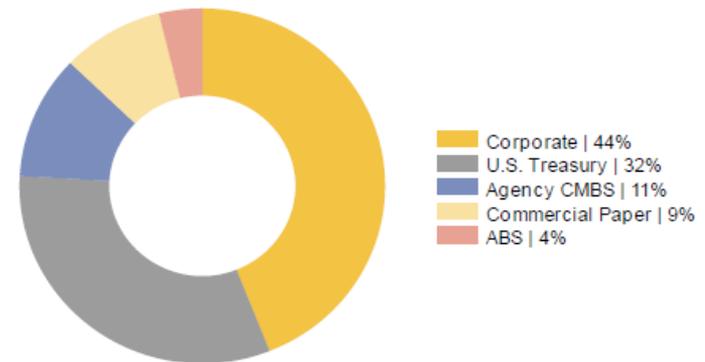
Primary Account – As of December 31, 2023

Portfolio Snapshot - CITY OF MILFORD, DELAWARE¹

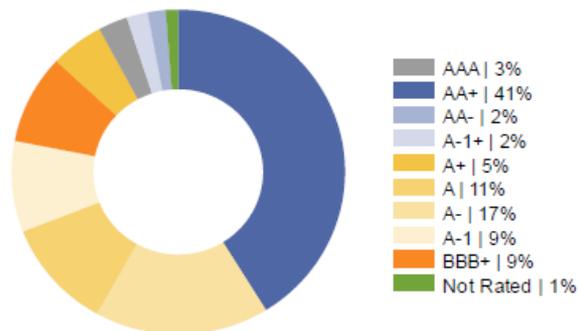
Portfolio Statistics

Total Market Value	\$25,964,310.22
Securities Sub-Total	\$25,762,250.09
Accrued Interest	\$142,703.20
Cash	\$59,356.93
Portfolio Effective Duration	1.70 years
Benchmark Effective Duration	2.02 years
Yield At Cost	5.37%
Yield At Market	4.78%
Portfolio Credit Quality	A

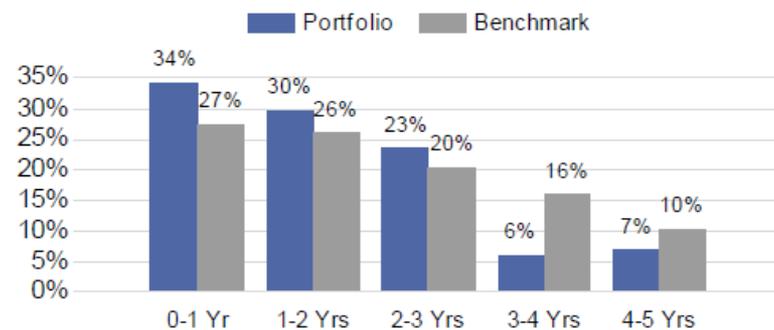
Sector Allocation



Credit Quality - S&P



Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 0-5 Year U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

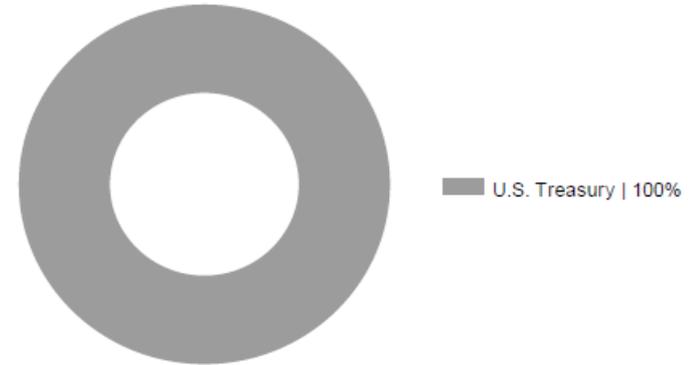
Cash Flow Account – As of December 31, 2023

Portfolio Snapshot - CITY OF MILFORD CASHFLOW ACCOUNT¹

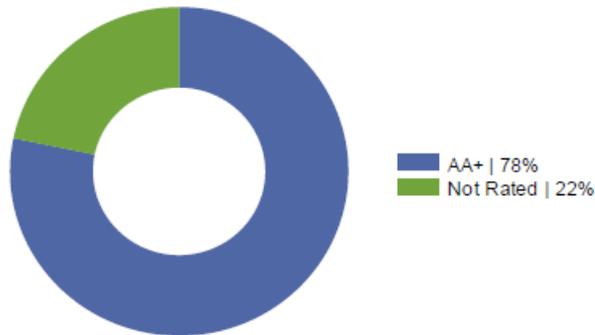
Portfolio Statistics

Total Market Value	\$4,922,815.76
Securities Sub-Total	\$4,922,640.23
Accrued Interest	\$175.53
Cash	\$0.00
Portfolio Effective Duration	3.67 years
Yield At Cost	4.93%
Yield At Market	4.26%
Portfolio Credit Quality	AA

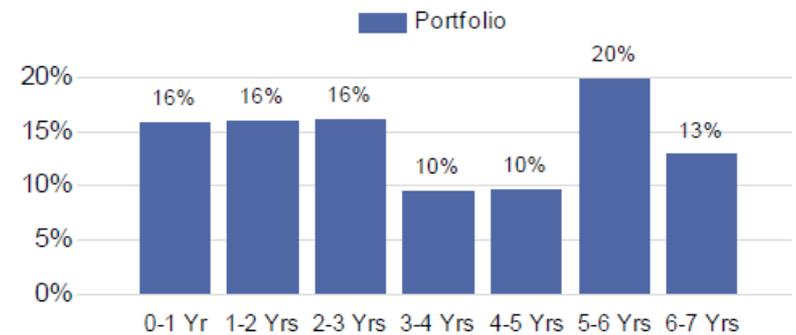
Sector Allocation



Credit Quality - S&P



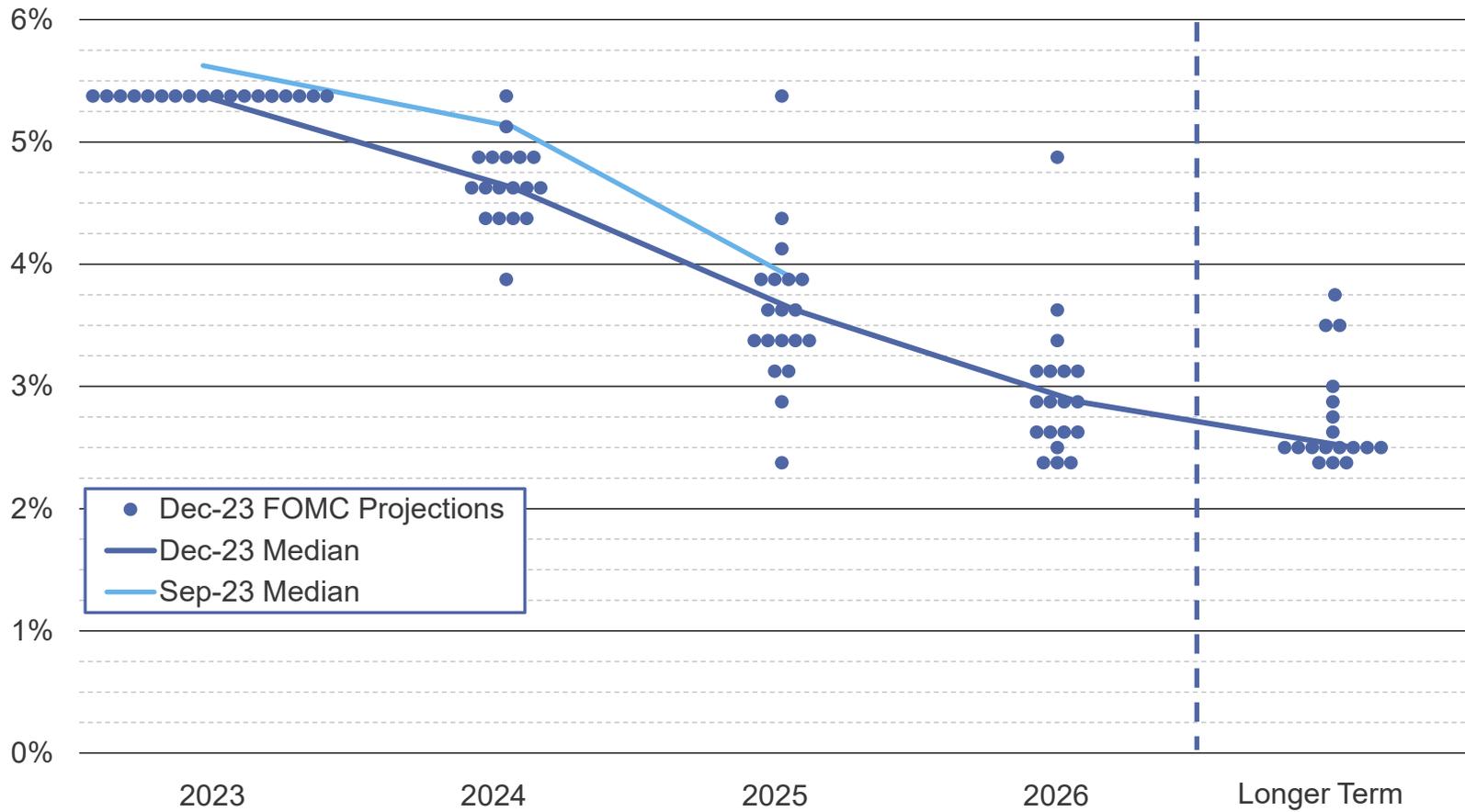
Duration Distribution



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Fed's Updated "Dot Plot" Shows Lower Rate Trajectory

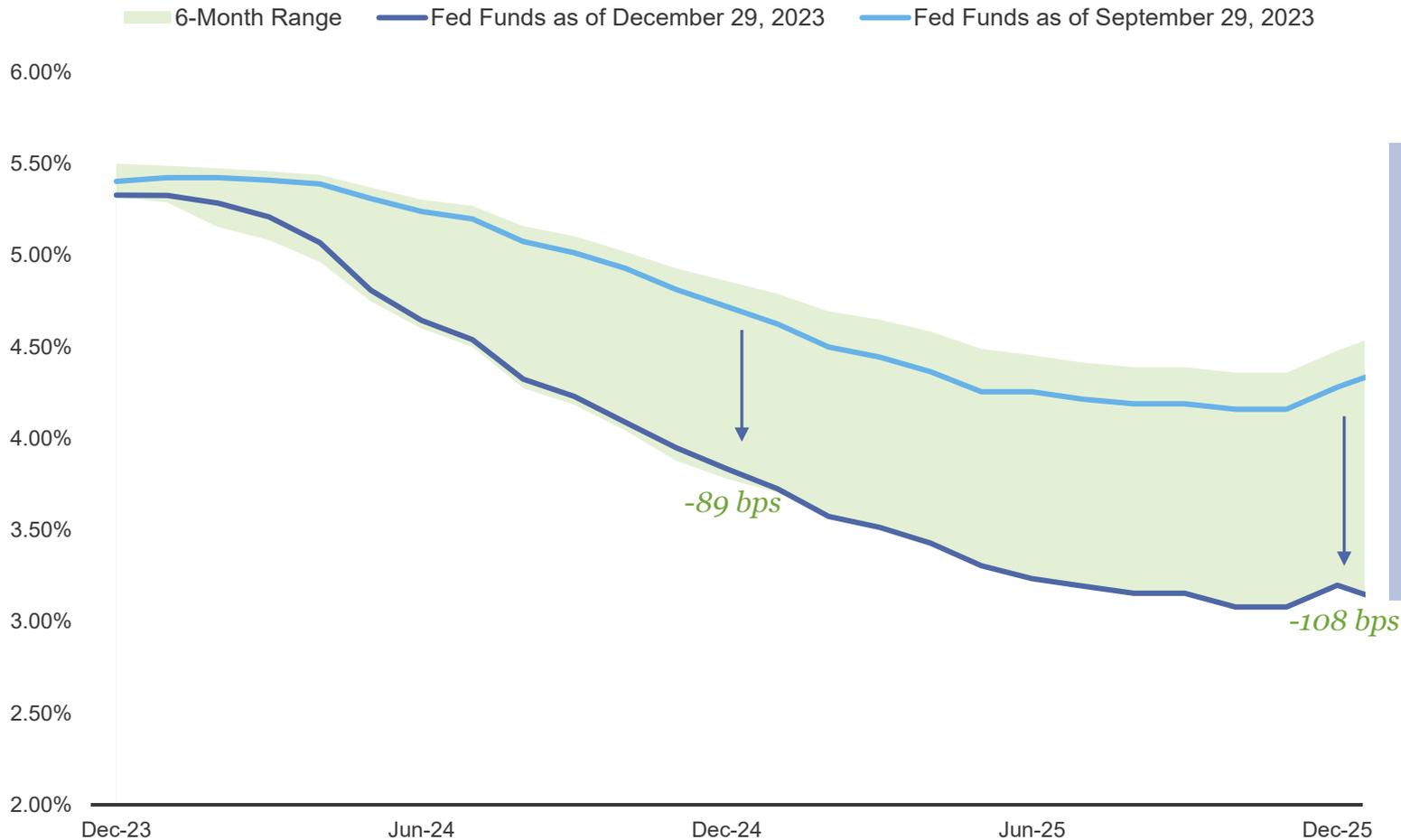
Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

Market Expects Lower Rates

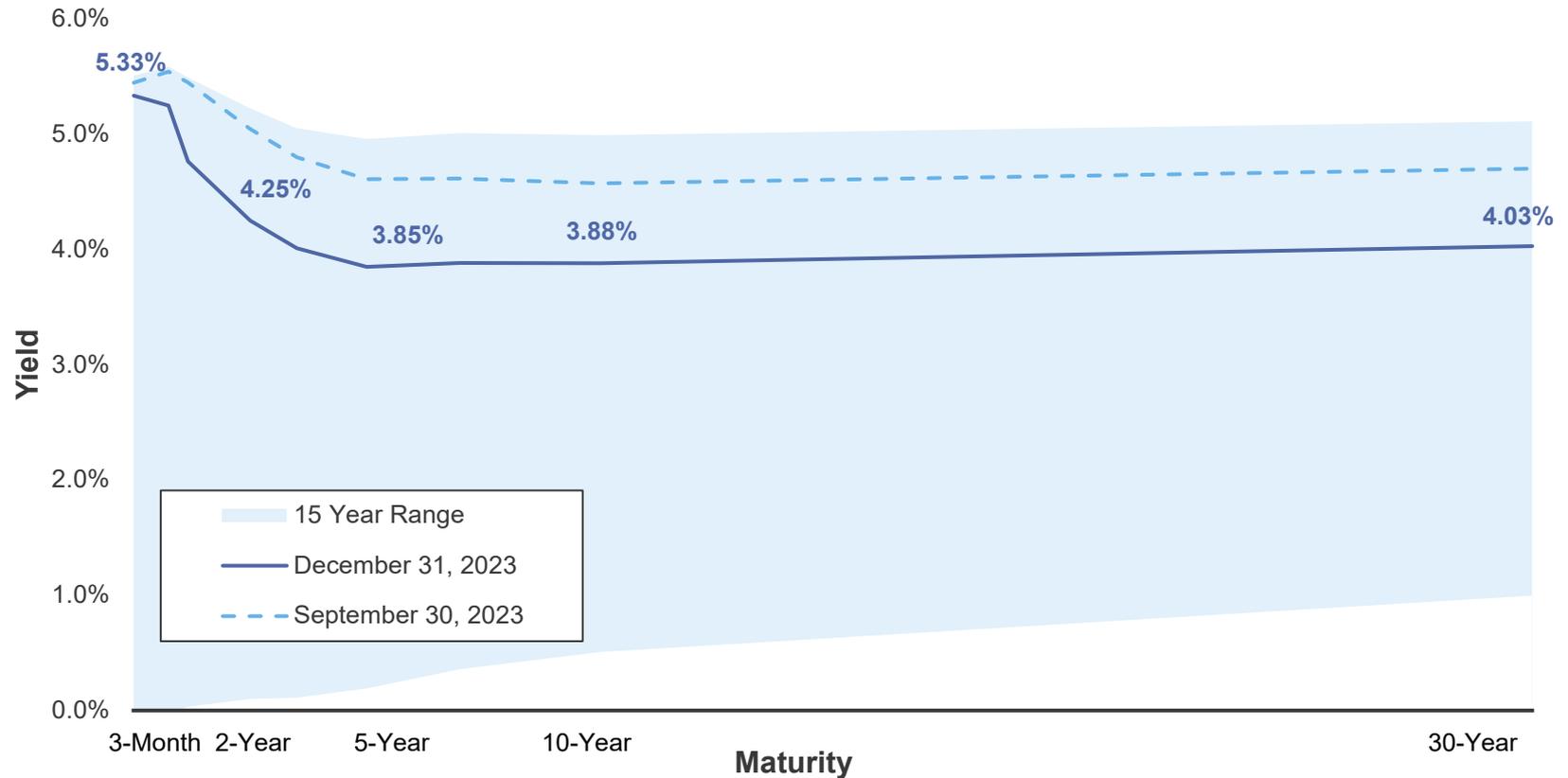
Implied Fed Funds Rate



Expectations for Fed Funds have reached their most dovish levels in 6 months in response to falling inflation, Fed pivot and moderating labor market

Interest Rates Moderate But Remain High

U.S. Treasury Yield Curve



Source: Bloomberg, as of December 31, 2023.

Disclaimer

Investment advisory services are provided by PFM Asset Management LLC (“PFMAM”), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. (“USBAM”). USBAM is a subsidiary of U.S. Bank National Association (“U.S. Bank”). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

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Date: January 22, 2024
To: Finance and Audit Committee; Mayor and City Council
From: Louis C. Vitola, Finance Director
Re: Request for Proposals (RFP) for Independent Audit Services

The last Request for Proposals (RFP) for independent audit services was issued early in 2021 for fiscal years 2021, 2022 and 2023. The RFP for audit services for the next three years – FY24, FY25 and FY26 – was issued on January 12, 2024. Proposals are due March 1, 2024. All proposals will be maintained by the City Clerk so members of the Finance and Audit Committee / Council have the ability to review the proposals at their leisure. Staff will evaluate and score the proposals to form a recommendation to the Finance and Audit Committee, which will in turn make a recommendation to Mayor and Council to retain the services of the City’s existing auditors or to engage one of the responding firms. Staff expect to make the recommendation to Council by April 22, 2024. In the meantime, please don’t hesitate to contact me with any questions. The RFP and related addenda are available on the City’s website: <https://www.cityofmilford.com/DocumentCenter/View/5042/Audit-RFP-2024-Final-as-Sent?bidId=>.