



# MEMORANDUM

Agenda Item #: 14  
Meeting Date: November 13, 2018

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**FROM: VICTORIA A. LOZZI, CITY TREASURER /s/**

**SUBJECT: QUARTERLY REPORT OF CASH & INVESTMENTS – SEPTEMBER 30, 2018**

**DATE: NOVEMBER 13, 2018**

---

## **ISSUE/PURPOSE**

Acceptance and discussion of the quarterly report of cash and investments as of September 30, 2018, the first quarter of FY18-19.

## **BACKGROUND**

Created in coordination with the City Finance Department, this quarterly report provides the following:

- A status update by the City Treasurer on the condition of the City's cash and investments
- A display of the current asset mix of all cash and investments

The quarterly report of cash and investments is posted to the City's website.

## **DISCUSSION**

As of September 30, 2018, yields are slightly higher than the prior quarter as the Federal Reserve continued its gradual pace of tightening. An anticipated rate hike by the Federal Reserve occurred in September, with the short-term Fed Funds rate increasing 0.25%, to

2.25%. General consensus is that there will be one more rate hike in 2018, three in 2019, and one in 2020

The City's yield for its Federal Obligations and Certificates of Deposit (CDs) is 2.05%. On a cost basis of \$15,638,000 (market value \$15,275,773) estimated annual income is \$313,325. The cash balance of \$1,065,302 is held in Demand Deposit Accounts at Union Bank. Pooled Investments consist of \$1,742,902 held by the Local Agency Investment Fund (LAIF), at an interest rate of 2.00%, and \$3,016,256 held by the L.A. County Pooled Investment Fund (LACPIF), at an interest rate of 1.93%. The City's money remains secure and cannot be accessed by the State or the federal government.

The City's September 2018 investment account statement, provided by our custodian Union Bank, shows a market value of \$15,275,773 and an unrealized loss of \$362,227. Since the City typically holds its investments to maturity, full-face (par) value is received, and no realized gain/ (loss) of funds is expected.

Investments have maturity dates ranging from 2018 to 2023. In the first quarter of FY18-19, there were no purchases, sales or maturities. The City Treasurer will update the Council on any subsequent period investment activity in her oral presentation.

**FISCAL IMPACT**

There is no fiscal impact associated with this report. This report is for the City Council to receive and file.

**NOTIFICATION**

The Quarterly Report of Cash and Investments has been posted and noticed consistent with the City's requirements.

**ALTERNATIVES**

The alternatives available to the City Council include:

1. Receive and file the report.
2. Request additional information.

**CONCLUSION**

In conclusion, the current level of investments can accommodate cash needs, and can support additional investments as we remain ever attentive to changing trends in the marketplace/economy.

As Treasurer for the City of Palos Verdes Estates, I certify that the investments of the City comply with the City's current Investment Policy. Furthermore, I certify that the City is able to meet its expenditure requirements for the next six months.

---

Victoria A. Lozzi, City Treasurer

**ATTACHMENTS:**

A. Report of Cash and Investments – 9/30/2018

**Cash and Investment Data**

Investment Type/Institution	Par Value	Book Value	Market Value*	Unrealized Gain/Loss	Maturity Date	Current Yield	Maturing Schedule (Book Value)						
							< 3 Mths	3-6 Mths	6-12 Mths	1-2 Yrs	2-3 Yrs	3-4 Yrs	> 4 Yrs
<b>Government Obligation</b>													
FHLB	1,000,000	1,000,000	979,890	(20,110)	12/15/2020	2.09%						\$ 1,000,000	
FNMA	1,000,000	1,000,000	993,370	(6,630)	4/30/2021	2.72%						\$ 1,000,000	
FNMA	1,000,000	1,000,000	969,920	(30,080)	6/16/2021	1.86%						\$ 1,000,000	
FHLB	1,000,000	1,000,000	963,560	(36,440)	6/30/2021	1.56%						\$ 1,000,000	
FNMA	1,000,000	1,000,000	959,050	(40,950)	7/27/2021	1.56%						\$ 1,000,000	
FNMA	1,000,000	1,000,000	954,500	(45,500)	9/29/2021	1.68%						\$ 1,000,000	
FHLB	2,000,000	2,000,000	1,933,520	(66,480)	11/26/2021	1.86%						\$ 2,000,000	
FHLMC	1,000,000	1,000,000	979,890	(20,110)	2/23/2023	2.81%						\$ 1,000,000	
<b>Negotiable Certificate of Deposit</b>													
United Bank West	250,000	250,000	250,005	5	10/4/2018	1.80%	\$ 250,000						
Compass Bank	250,000	250,000	250,007	7	10/9/2018	2.00%	\$ 250,000						
American Express	250,000	250,000	250,007	7	10/10/2018	2.10%	\$ 250,000						
BMW Bank	250,000	250,000	250,007	7	10/11/2018	2.05%	\$ 250,000						
GE Capital Retail	245,000	245,000	245,005	5	11/23/2018	2.00%	\$ 245,000						
Sallie Mae Bank	245,000	245,000	244,993	(7)	11/27/2018	2.00%	\$ 245,000						
American Express	245,000	245,000	244,260	(740)	7/24/2019	2.01%			\$ 245,000				
Comenity Capital	245,000	245,000	244,169	(831)	8/30/2019	1.96%			\$ 245,000				
Ally Bank	250,000	250,000	247,975	(2,025)	9/30/2019	1.72%				\$ 250,000			
Capital One Bank	245,000	245,000	243,755	(1,245)	11/5/2019	2.01%				\$ 245,000			
Morgan Stanley	250,000	250,000	248,455	(1,545)	12/23/2019	2.12%				\$ 250,000			
Citibank	250,000	250,000	249,223	(777)	3/30/2020	2.51%				\$ 250,000			
Morgan Stanley Private Bank	250,000	250,000	249,643	(357)	4/27/2020	2.65%				\$ 250,000			
BMO Harris	250,000	250,000	250,078	78	6/1/2020	2.80%				\$ 250,000			
Capital One NA	245,000	245,000	242,518	(2,482)	8/12/2020	2.33%				\$ 245,000			
Barclays Bank	245,000	245,000	242,001	(2,999)	9/16/2020	2.23%				\$ 245,000			
Goldman Sachs Bank	250,000	250,000	245,140	(4,860)	9/28/2020	1.94%				\$ 250,000			
MB Financial	250,000	250,000	248,088	(1,912)	4/26/2021	2.72%				\$ 250,000			
Merrick Bank	250,000	250,000	248,083	(1,917)	4/27/2021	2.72%				\$ 250,000			
World's Foremost Bank	200,000	200,000	192,608	(7,392)	6/9/2021	1.77%				\$ 200,000			
Wells Fargo Bank	245,000	245,000	235,857	(9,143)	6/17/2021	1.82%				\$ 245,000			
APEX Bank	247,000	247,000	235,771	(11,229)	9/30/2021	1.57%					\$ 247,000		
JPMorgan Chase	246,000	246,000	234,610	(11,390)	9/30/2021	1.79%					\$ 246,000		
Discover Bank	245,000	245,000	233,144	(11,856)	11/9/2021	1.84%					\$ 245,000		
Vision Bank	245,000	245,000	235,024	(9,976)	11/30/2021	1.83%					\$ 245,000		
Third Federal S&L	250,000	250,000	245,048	(4,952)	1/31/2022	2.55%					\$ 250,000		
People's United Bank	245,000	245,000	236,599	(8,401)	2/8/2022	2.12%						\$ 245,000	
<b>Total Investments</b>	<b>\$ 15,638,000</b>	<b>\$ 15,638,000</b>	<b>\$ 15,275,773</b>	<b>(362,227)</b>		<b>2.05%</b>	<b>\$ 1,490,000</b>	<b>\$ -</b>	<b>\$ 490,000</b>	<b>\$ 2,235,000</b>	<b>\$ 5,945,000</b>	<b>\$ 3,478,000</b>	<b>\$ 1,000,000</b>
<b>Pooled Investment Funds</b>		<b>4,759,158</b>							<b>Average Years to Maturity</b>		<b>2.39</b>		
LAIF		1,742,902							<b>Weighted Average Years to Maturity</b>		<b>2.43</b>		
L.A. County Pooled Inv. Fund		3,016,256											
<b>Cash</b>		<b>1,435,071</b>											
Union Bank Money Market		279,039											
Union Bank Checking		1,065,302											
Parking Citation		90,730											
<b>Total Investment</b>		<b>15,638,000</b>											
Government Obligation		9,000,000											
Negotiable Certificate of Deposit		6,638,000											
<b>Total Cash &amp; Investments:</b>		<b>21,832,229</b>											

\* Source: Union Bank