



# MEMORANDUM

Agenda Item #: 6  
Meeting Date: January 23, 2018

**TO: HONORABLE MAYOR AND CITY COUNCIL**

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

**SUBJECT: QUARTERLY REPORT OF CASH & INVESTMENTS –  
DECEMBER 31, 2017**

**DATE: JANUARY 23, 2018**

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## ISSUE/PURPOSE

Acceptance and discussion of the quarterly report of cash and investments as of December 31, 2017, the second quarter of FY17-18.

## BACKGROUND

The City's investment policy calls for a quarterly investment report within 30 days of the end of the quarter. This report emphasizes transparency in this important area of fiscal stewardship.

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 December 31, 2017, yields are slightly higher than the prior quarter. An anticipated rate hike by the Federal Reserve occurred in December, with the short-term Fed Funds rate increasing 0.25%, to 1.50%. General consensus is that there will be 2 – 3 rate hikes in 2018.

The City's yield for its Federal Obligations and Certificates of Deposit (CDs) is 1.73% (1.69% the past quarter). On a cost basis of \$13,879,000 (market value \$13,694,563) estimated annual income is \$237,357. The cash balance of \$3,495,118 is held in Demand Deposit Accounts at Union Bank. Pooled Investments consist of \$6,570,810 held by the Local Agency Investment Fund (LAIF), at an interest rate of 1.20% (1.07% Prior Quarter), and \$1,500,000 held by the L.A. County Pooled Investment Fund (LACPIF), at an interest rate of 1.44%. The City's money remains secure and cannot be accessed by the State or the federal government.

The City's December 2017 investment account statement, provided by our custodian Union Bank, shows a market value of \$13,694,563 and an unrealized loss of \$184,437. 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 2022. In the second quarter of FY17-18, the City purchased one Federal Obligation in the amount of \$1,000,000 and one Certificate of Deposit in the amount of \$250,000, maturing in 2020 and 2019, respectively. The City Treasurer will also 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.

## **ATTACHMENTS:**

- A. Report of Cash and Investments – 12/31/2017

Attachment A - Report of Cash and Investments – 12/31/2017

<b>Transaction Summary: December 31, 2017</b>	
	<b>Cash</b>
<b>Receipts</b>	
Interest	9,855.17
Sales/Maturities/Calls	-
Deposits	1,250,000.00
<b>Total Reciepts</b>	<b>1,259,855.17</b>
<b>Disbursements</b>	
Purchases	(1,250,000.00)
Transfer to Checking	(9,855.17)
<b>Total Disbursments</b>	<b>(1,259,855.17)</b>
<b>Total Net Transactions</b>	<b>0.00</b>

**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>													
FNMA	1,000,000	1,000,000	997,960	(2,040)	5/25/2018	1.05%		\$ 1,000,000					
FHLB	1,000,000	1,000,000	996,130	(3,870)	12/15/2020	2.06%				\$ 1,000,000			
FNMA	1,000,000	1,000,000	974,930	(25,070)	6/16/2021	1.85%					\$ 1,000,000		
FHLB	1,000,000	1,000,000	976,330	(23,670)	6/30/2021	1.54%					\$ 1,000,000		
FNMA	1,000,000	1,000,000	974,050	(25,950)	7/27/2021	1.54%					\$ 1,000,000		
FNMA	1,000,000	1,000,000	970,070	(29,930)	9/29/2021	1.65%					\$ 1,000,000		
FHLB	2,000,000	2,000,000	1,959,000	(41,000)	11/26/2021	1.84%					\$ 2,000,000		
<b>Negotiable Certificate of Deposit</b>													
Firstbank	247,000	247,000	246,869	(131)	5/24/2018	1.10%		\$ 247,000					
Beal Bank	247,000	247,000	246,501	(499)	5/30/2018	1.00%		\$ 247,000					
Beal Bank	247,000	247,000	246,501	(499)	5/30/2018	1.00%		\$ 247,000					
United Bank West	250,000	250,000	250,845	845	10/4/2018	1.79%			\$ 250,000				
Compass Bank	250,000	250,000	250,748	748	10/9/2018	1.99%			\$ 250,000				
American Express	250,000	250,000	250,748	748	10/10/2018	2.09%			\$ 250,000				
BMW Bankd	250,000	250,000	250,748	748	10/11/2018	2.04%			\$ 250,000				
GE Capital Retail	245,000	245,000	245,696	696	11/23/2018	1.99%			\$ 245,000				
Sallie Mae Bank	245,000	245,000	245,669	669	11/27/2018	1.99%			\$ 245,000				
American Express	245,000	245,000	245,081	81	7/24/2019	2.00%				\$ 245,000			
Comenity Capital	245,000	245,000	245,642	642	8/30/2019	1.94%				\$ 245,000			
Ally Bank	250,000	250,000	248,948	(1,053)	9/30/2019	1.71%				\$ 250,000			
Capital One Bank	245,000	245,000	245,522	522	11/5/2019	2.00%				\$ 245,000			
Morgan Stanley	250,000	250,000	250,443	443	12/23/2019	2.10%				\$ 250,000			
Capital One NA	245,000	245,000	246,120	1,120	8/12/2020	2.29%					\$ 245,000		
Barclays Bank	245,000	245,000	245,730	730	9/16/2020	2.19%					\$ 245,000		
Goldman Sachs Bank	250,000	250,000	248,393	(1,608)	9/28/2020	1.91%					\$ 250,000		
World's Foremost Bank	200,000	200,000	195,878	(4,122)	6/9/2021	1.74%						\$ 200,000	
Wells Fargo Bank	245,000	245,000	239,909	(5,091)	6/17/2021	1.79%						\$ 245,000	
APEX Bank	247,000	247,000	240,348	(6,652)	9/30/2021	1.54%						\$ 247,000	
JPMorgan Chase	246,000	246,000	239,068	(6,932)	9/30/2021	1.75%						\$ 246,000	
Discover Bank	245,000	245,000	237,755	(7,245)	11/9/2021	1.80%						\$ 245,000	
Vision Bank	245,000	245,000	240,303	(4,697)	11/30/2021	1.78%						\$ 245,000	
People's United Bank	245,000	245,000	242,631	(2,369)	2/8/2022	2.07%							\$ 245,000
<b>Total Investments</b>	<b>\$ 13,879,000</b>	<b>\$ 13,879,000</b>	<b>\$ 13,694,563</b>	<b>(184,437)</b>			<b>\$ -</b>	<b>\$ 1,741,000</b>	<b>\$ 1,490,000</b>	<b>\$ 1,235,000</b>	<b>\$ 1,740,000</b>	<b>\$ 7,428,000</b>	<b>\$ 245,000</b>

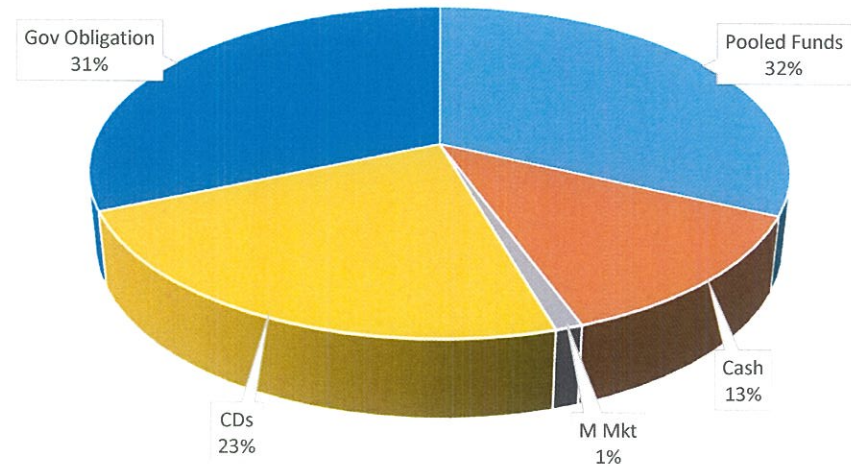
<b>Pooled Investment Funds</b>	<b>8,070,810</b>
LAIF	6,570,810
L.A. County Pooled Inv. Fund	1,500,000
<b>Cash</b>	<b>3,495,118</b>
Union Bank Money Market	278,944
Union Bank Checking	3,143,544
Parking Citation	72,630
<b>Total Investment</b>	<b>13,879,000</b>
Government Obligation	8,000,000
Negotiable Certificate of Deposit	5,879,000
<b>Total Cash &amp; Investments:</b>	<b>25,444,928</b>

Average Years to Maturity	2.44
Weighted Average Years to Maturity	2.70

\* Source: Union Bank

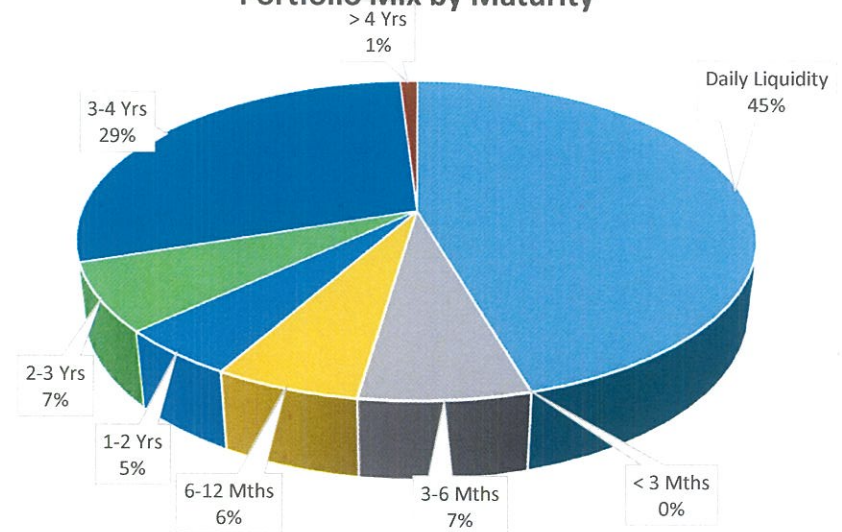
### Portfolio Mix by Security

Category	Book Value	Mix %	Policy Limits
Pooled Funds	8,070,810	31.7%	100%
Cash	3,216,174	12.6%	100%
M Mkt	278,944	1.1%	100%
CDs	5,879,000	23.1%	30%
Gov Obligation	8,000,000	31.4%	100%
<b>Total</b>	<b>25,444,928</b>	<b>100.0%</b>	

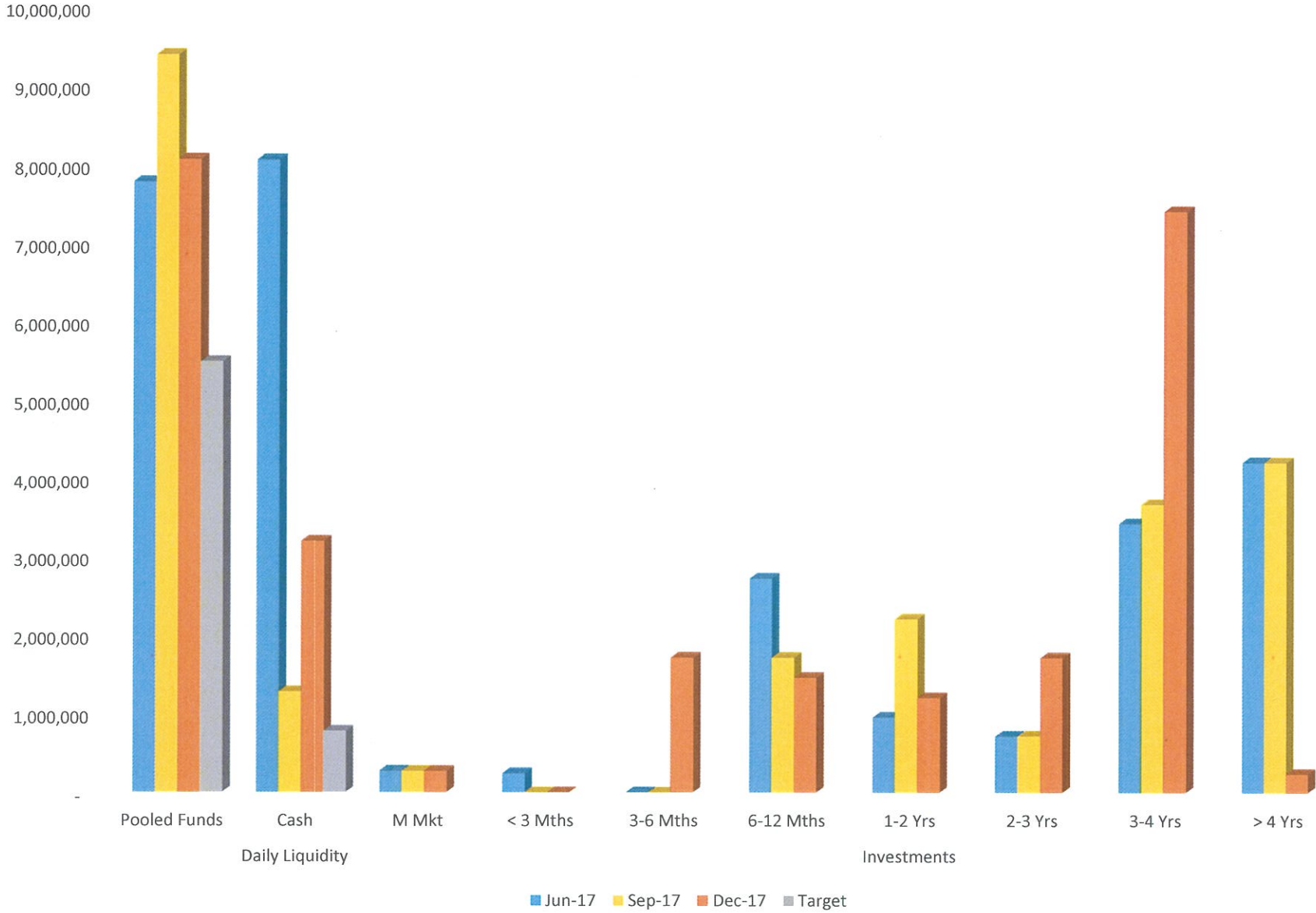


### Portfolio Mix by Maturity

Category	Book Value	Mix %
Daily Liquidity	11,565,928	45.5%
< 3 Mths	-	0.0%
3-6 Mths	1,741,000	6.8%
6-12 Mths	1,490,000	5.9%
1-2 Yrs	1,235,000	4.9%
2-3 Yrs	1,740,000	6.8%
3-4 Yrs	7,428,000	29.2%
> 4 Yrs	245,000	1.0%
<b>Total</b>	<b>25,444,928</b>	<b>100.0%</b>



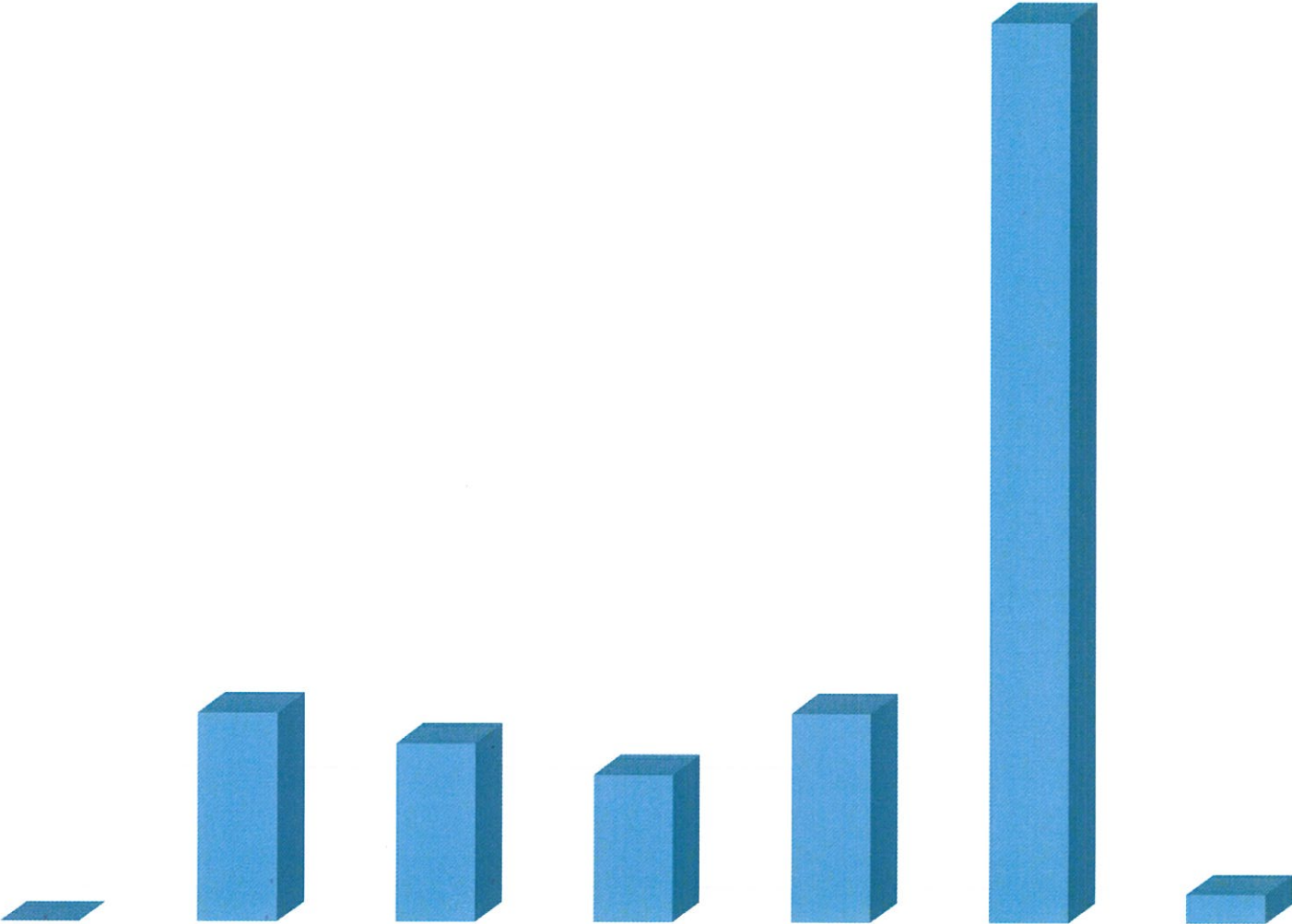
# Cash & Investments by Maturity



# Investments by Matutiry

8,000,000  
7,000,000  
6,000,000  
5,000,000  
4,000,000  
3,000,000  
2,000,000  
1,000,000  
-

< 3 Mths    3-6 Mths    6-12 Mths    1-2 Yrs    2-3 Yrs    3-4 Yrs    > 4 Yrs



<b>Transaction Summary: November 30, 2017</b>	
	<b>Cash</b>
<b>Receipts</b>	
Interest	39,064.47
Sales/Maturities/Calls	
Deposits	
<b>Total Reciepts</b>	39,064.47
<b>Disbursements</b>	
Purchases	
Transfer to Checking	(39,064.47)
<b>Total Disbursments</b>	(39,064.47)
<b>Total Net Transactions</b>	0.00



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