



# MEMORANDUM

Agenda Item #: 10  
Meeting Date: October 24, 2017

**TO: HONORABLE MAYOR AND CITY COUNCIL**

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

**SUBJECT: QUARTERLY REPORT OF CASH & INVESTMENTS – SEPTEMBER 30, 2017**

**DATE: OCTOBER 24, 2017**

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## **ISSUE/PURPOSE**

Acceptance and discussion of the quarterly report of cash and investments as of September 30, 2017, the first 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's Finance Director, 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, 2017, yields are very similar to the prior quarter. An anticipated rate hike by the Federal Reserve did not occur, and rates remain at the lower end of a 10 year historic spectrum. The City's yield for its Federal Obligations and Certificates of Deposits

(CDs) is 1.69% (1.68% the past quarter). On a cost basis of \$12,629,000 (market value \$12,518,233) estimated annual income is \$211,606. The cash balance of \$9,392,703 is held by the Local Agency Investment Fund (LAIF), at an interest rate of 1.07% (0.92% Prior Quarter). This is the highest rate the State has earned on LAIF since March 2009. The City's money remains secure and cannot be accessed by the State or the federal government.

The City's September 2017 investment account statement, provided by our custodian Union Bank, shows a market value of \$12,518,233 and an unrealized loss of \$110,767. 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 first quarter of FY17-18, the City had one maturity and purchased two Certificates of Deposit in the amount of \$250,000 each, maturing in 2019 and 2020, 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.

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.

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Victoria A. Lozzi, City Treasurer

**ATTACHMENTS:**

A. Report of Cash and Investments – 9/30/2017

**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	998,390	(1,610)	5/25/2018	1.05%			\$ 1,000,000				
FNMA	1,000,000	1,000,000	981,530	(18,470)	6/16/2021	1.83%						\$ 1,000,000	
FHLB	1,000,000	1,000,000	981,770	(18,230)	6/30/2021	1.53%						\$ 1,000,000	
FNMA	1,000,000	1,000,000	981,140	(18,860)	7/27/2021	1.53%						\$ 1,000,000	
FNMA	1,000,000	1,000,000	977,490	(22,510)	9/29/2021	1.64%							\$ 1,000,000
FHLB	2,000,000	2,000,000	1,976,000	(24,000)	11/26/2021	1.82%							\$ 2,000,000
<b>Negotiable Certificate of Deposit</b>													
Firstbank	247,000	247,000	247,040	40	5/24/2018	1.10%			\$ 247,000				
Beal Bank	247,000	247,000	246,466	(534)	5/30/2018	1.00%			\$ 247,000				
Beal Bank	247,000	247,000	246,466	(534)	5/30/2018	1.00%			\$ 247,000				
United Bank West	250,000	250,000	251,353	1,353	10/4/2018	1.79%				\$ 250,000			
Compass Bank	250,000	250,000	251,233	1,233	10/9/2018	1.99%				\$ 250,000			
American Express	250,000	250,000	251,223	1,223	10/10/2018	2.09%				\$ 250,000			
BMW Bankd	250,000	250,000	251,238	1,238	10/11/2018	2.04%				\$ 250,000			
GE Capital Retail	245,000	245,000	246,286	1,286	11/23/2018	1.99%				\$ 245,000			
Sallie Mae Bank	245,000	245,000	246,264	1,264	11/27/2018	1.99%				\$ 245,000			
American Express	245,000	245,000	245,929	929	7/24/2019	1.99%				\$ 245,000			
Comenity Capital	245,000	245,000	246,833	1,833	8/30/2019	1.94%				\$ 245,000			
Ally Bank	250,000	250,000	249,998	(3)	9/30/2019	1.70%			\$ 250,000				
Capital One Bank	245,000	245,000	246,860	1,860	11/5/2019	1.98%				\$ 245,000			
Capital One NA	245,000	245,000	247,867	2,867	8/12/2020	2.27%				\$ 245,000			
Barclays Bank	245,000	245,000	247,467	2,467	9/16/2020	2.18%						\$ 245,000	
Goldman Sachs Bank	250,000	250,000	249,953	(48)	9/28/2020	1.90%			\$ 250,000				
World's Foremost Bank	200,000	200,000	197,472	(2,528)	6/9/2021	1.72%						\$ 200,000	
Wells Fargo Bank	245,000	245,000	241,876	(3,124)	6/17/2021	1.77%						\$ 245,000	
APEX Bank	247,000	247,000	242,463	(4,537)	9/30/2021	1.53%							\$ 247,000
JPMorgan Chase	246,000	246,000	241,129	(4,871)	9/30/2021	1.73%							\$ 246,000
Discover Bank	245,000	245,000	239,627	(5,373)	11/9/2021	1.79%							\$ 245,000
Vision Bank	245,000	245,000	242,271	(2,729)	11/30/2021	1.77%							\$ 245,000
People's United Bank	245,000	245,000	244,603	(397)	2/8/2022	2.05%							\$ 245,000
<b>Total Investments</b>	<b>\$ 12,629,000</b>	<b>\$ 12,629,000</b>	<b>\$ 12,518,233</b>	<b>(110,767)</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,741,000</b>	<b>\$ 2,230,000</b>	<b>\$ 740,000</b>	<b>\$ 3,690,000</b>	<b>\$ 4,228,000</b>

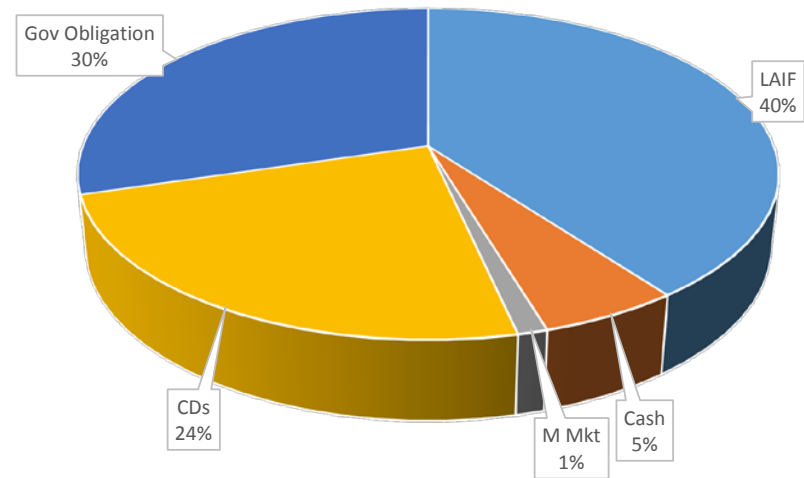
<b>LAIF</b>	<b>9,392,703</b>
<b>Cash</b>	<b>1,590,112</b>
Union Bank Money Market	278,909
Union Bank Checking	1,243,813
Parking Citation	67,390
<b>Total Investment</b>	<b>12,629,000</b>
Government Obligation	7,000,000
Negotiable Certificate of Deposit	5,629,000
<b>Total Cash &amp; Investments:</b>	<b>23,611,815</b>

Average Years to Maturity	2.56
Weighted Average Years to Maturity	2.98

\* Source: Union Bank

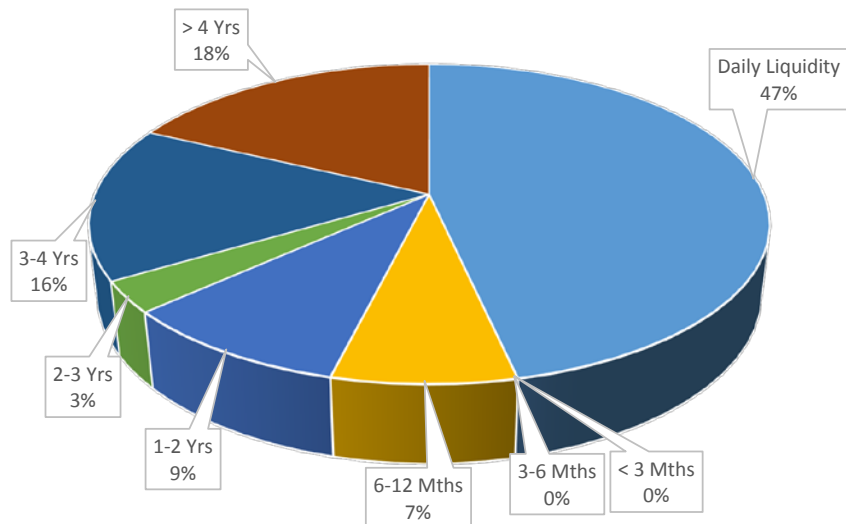
Category	Book Value	Mix %	Policy Limits
LAIF	9,392,703	39.8%	100%
Cash	1,311,203	5.6%	100%
M Mkt	278,909	1.2%	100%
CDs	5,629,000	23.8%	30%
Gov Obligation	7,000,000	29.6%	100%
<b>Total</b>	<b>23,611,815</b>	<b>100.0%</b>	

Portfolio Mix by Security

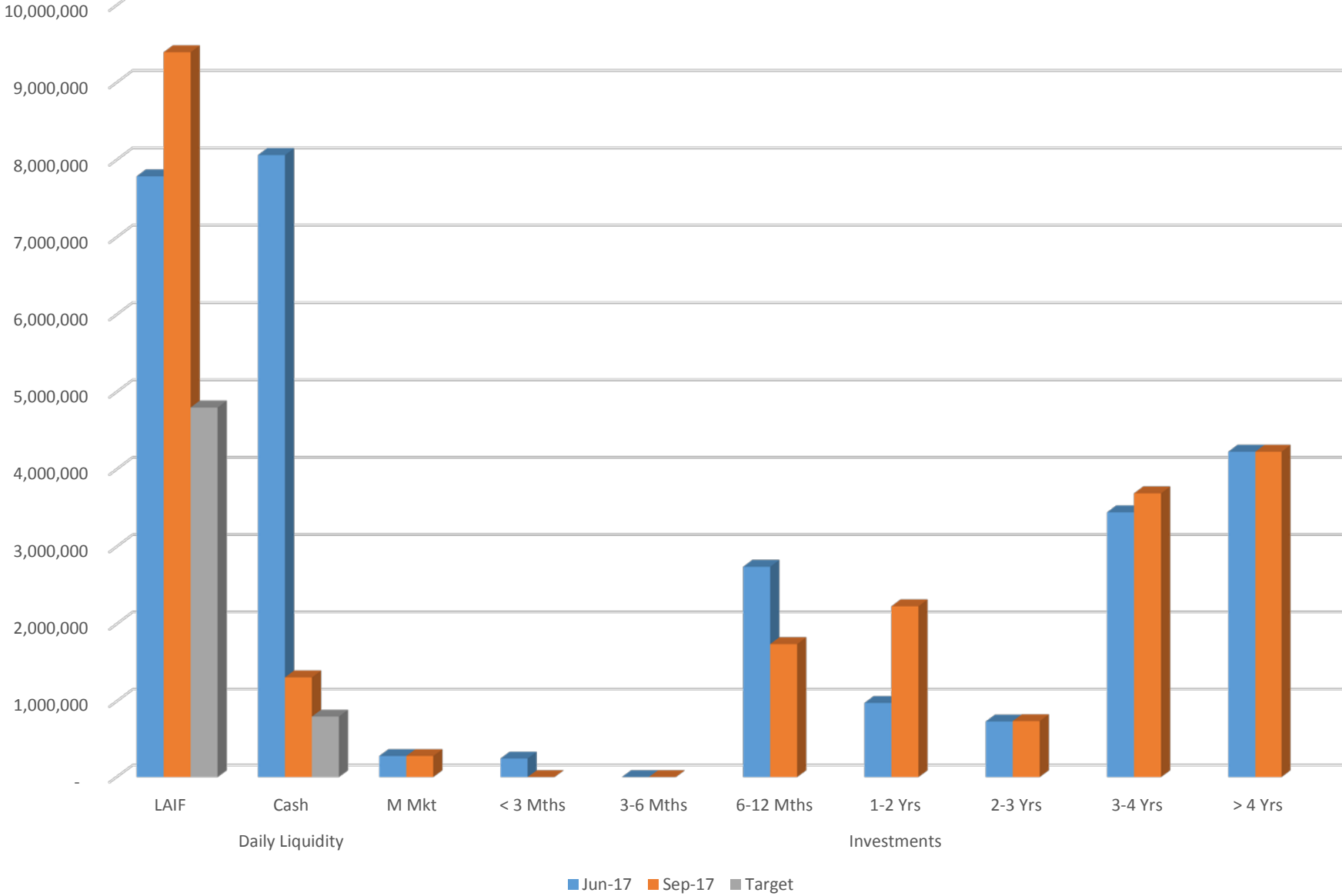


Category	Book Value	Mix %
Daily Liquidity	10,982,815	46.5%
< 3 Mths	-	0.0%
3-6 Mths	-	0.0%
6-12 Mths	1,741,000	7.4%
1-2 Yrs	2,230,000	9.4%
2-3 Yrs	740,000	3.1%
3-4 Yrs	3,690,000	15.6%
> 4 Yrs	4,228,000	17.9%
<b>Total</b>	<b>23,611,815</b>	<b>100.0%</b>

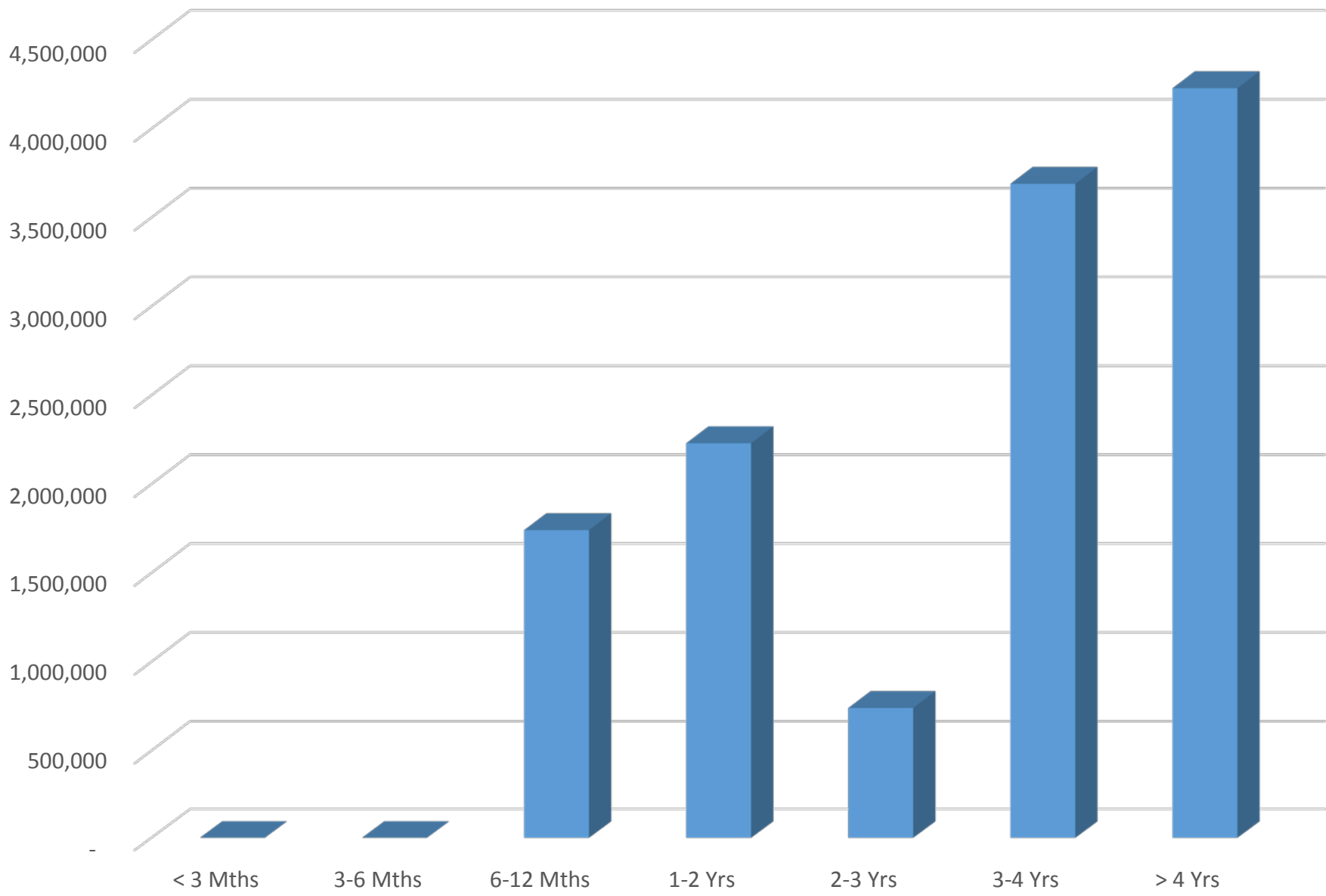
Portfolio Mix by Maturity



# Cash & Investments by Maturity



# Investments by Maturity



**Transaction Summary - July 31, 2017**

	Cash
<b>Receipts</b>	
Interest	11,495.31
Sales/Maturities/Calls	
Deposits	
<b>Total Reciepts</b>	11,495.31
<b>Disbursments</b>	
Purchases	
Transfer to Checking	(11,495.31)
<b>Total Disbursments</b>	(11,495.31)
<b>Total Net Transactions</b>	0.00



**Transaction Summary: August 31, 2017**

	Cash
<b>Receipts</b>	
Interest	6,889.05
Sales/Maturities/Calls	
Deposits	
<b>Total Reciepts</b>	6,889.05
<b>Disbursements</b>	
Purchases	
Transfer to Checking	(6,889.05)
<b>Total Disbursments</b>	(6,889.05)
<b>Total Net Transactions</b>	0.00

**Transaction Summary: September 30, 2017**

	Cash
<b>Receipts</b>	
Interest	13,585.00
Sales/Maturities/Calls	246,000.00
Deposits	500,000.00
<b>Total Reciepts</b>	<b>759,585.00</b>
<b>Disbursements</b>	
Purchases	(500,000.00)
Transfer to Checking	(259,585.00)
<b>Total Disbursments</b>	<b>(759,585.00)</b>
<b>Total Net Transactions</b>	<b>0.00</b>

**Transaction Summary: September 30, 2017**

	Cash
<b>Receipts</b>	
Interest	13,585.00
Sales/Maturities/Calls	246,000.00
Deposits	500,000.00
<b>Total Reciepts</b>	759,585.00
<b>Disbursements</b>	
Purchases	(500,000.00)
Transfer to Checking	(259,585.00)
<b>Total Disbursments</b>	(759,585.00)
<b>Total Net Transactions</b>	0.00

**Transaction Summary: August 31, 2017**

	Cash
<b>Receipts</b>	
Interest	6,889.05
Sales/Maturities/Calls	
Deposits	
<b>Total Reciepts</b>	6,889.05
<b>Disbursements</b>	
Purchases	
Transfer to Checking	(6,889.05)
<b>Total Disbursments</b>	(6,889.05)
<b>Total Net Transactions</b>	0.00

**Transaction Summary: September 30, 2017**

	Cash
<b>Receipts</b>	
Interest	13,585.00
Sales/Maturities/Calls	246,000.00
Deposits	500,000.00
<b>Total Reciepts</b>	<b>759,585.00</b>
<b>Disbursements</b>	
Purchases	(500,000.00)
Transfer to Checking	(259,585.00)
<b>Total Disbursments</b>	<b>(759,585.00)</b>
<b>Total Net Transactions</b>	<b>0.00</b>