



MEMORANDUM

Agenda Item #: 13
Meeting Date: April 24, 2018

TO: HONORABLE MAYOR AND CITY COUNCIL

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

SUBJECT: QUARTERLY REPORT OF CASH & INVESTMENTS – MARCH 31, 2018

DATE: April 24, 2018

ISSUE/PURPOSE

Acceptance and discussion of the quarterly report of cash and investments as of March 31, 2018, the third 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 March 31, 2018, yields are slightly higher than the prior quarter. An anticipated rate hike by the Federal Reserve occurred in March, with the short-term Fed Funds rate increasing 0.25%, to 1.75%. General consensus is that there will be 2 – 3 rate hikes in 2018, with some predictions of 4 rate hikes.

The City's yield for its Federal Obligations and Certificates of Deposit (CDs) is 1.84% (1.73% the past quarter). On a cost basis of \$15,379,000 (market value \$15,092,329) estimated annual income is \$277,357. The cash balance of \$1,432,817 is held in Demand Deposit Accounts at Union Bank. Pooled Investments consist of \$5,495,690 held by the Local Agency Investment Fund (LAIF), at an interest

rate of 1.40% (1.20% Prior Quarter), and \$1,500,000 held by the L.A. County Pooled Investment Fund (LACPIF), at an interest rate of 1.80%. The City's money remains secure and cannot be accessed by the State or the federal government.

The City's March 2018 investment account statement, provided by our custodian Union Bank, shows a market value of \$15,092,329 and an unrealized loss of \$286,671. 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 third quarter of FY17-18, the City purchased one Federal Obligation in the amount of \$1,000,000 maturing in 2023, and two Certificates of Deposit in the amount of \$250,000 each, maturing in 2020 and 2022, 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.

Victoria A. Lozzi, City Treasurer

ATTACHMENTS:

- A. Report of Cash and Investments – 3/31/2018

Cash and Investment Data

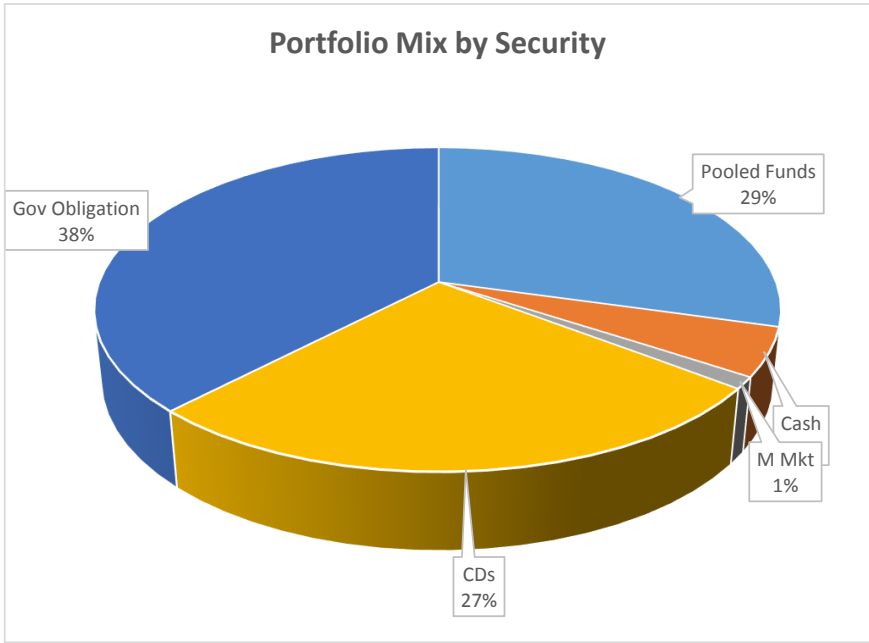
Investment Type/Institution	Par Value	Book Value	Market Value*	Unrealized Gain/Loss	Maturity Date	Current Yield	Maturing Schedule (Book Value)							
							< 3 Mths	3-6 Mths	6-12 Mths	1-2 Yrs	2-3 Yrs	3-4 Yrs	> 4 Yrs	
Government Obligation														
FNMA	1,000,000	1,000,000	998,990	(1,010)	5/25/2018	1.05%	\$ 1,000,000							
FHLB	1,000,000	1,000,000	986,960	(13,040)	12/15/2020	2.08%				\$ 1,000,000				
FNMA	1,000,000	1,000,000	977,270	(22,730)	6/16/2021	1.84%					\$ 1,000,000			
FHLB	1,000,000	1,000,000	966,890	(33,110)	6/30/2021	1.55%					\$ 1,000,000			
FNMA	1,000,000	1,000,000	963,760	(36,240)	7/27/2021	1.56%					\$ 1,000,000			
FNMA	1,000,000	1,000,000	960,140	(39,860)	9/29/2021	1.67%					\$ 1,000,000			
FHLB	2,000,000	2,000,000	1,941,180	(58,820)	11/26/2021	1.85%					\$ 2,000,000			
FHLMC	1,000,000	1,000,000	992,230	(7,770)	2/23/2023	2.77%						\$ 1,000,000		
Negotiable Certificate of Deposit														
Firstbank	247,000	247,000	246,938	(62)	5/24/2018	1.10%	\$ 247,000							
Beal Bank	247,000	247,000	246,778	(222)	5/30/2018	1.00%	\$ 247,000							
Beal Bank	247,000	247,000	246,778	(222)	5/30/2018	1.00%	\$ 247,000							
United Bank West	250,000	250,000	250,333	333	10/4/2018	1.80%			\$ 250,000					
Compass Bank	250,000	250,000	250,265	265	10/9/2018	2.00%			\$ 250,000					
American Express	250,000	250,000	250,265	265	10/10/2018	2.10%			\$ 250,000					
BMW Bank	250,000	250,000	250,263	263	10/11/2018	2.05%			\$ 250,000					
GE Capital Retail	245,000	245,000	245,206	206	11/23/2018	2.00%			\$ 245,000					
Sallie Mae Bank	245,000	245,000	245,184	184	11/27/2018	2.00%			\$ 245,000					
American Express	245,000	245,000	244,140	(860)	7/24/2019	2.01%			\$ 245,000					
Comenity Capital	245,000	245,000	244,351	(649)	8/30/2019	1.96%			\$ 245,000					
Ally Bank	250,000	250,000	247,748	(2,252)	9/30/2019	1.72%			\$ 250,000					
Capital One Bank	245,000	245,000	243,978	(1,022)	11/5/2019	2.01%			\$ 245,000					
Morgan Stanley	250,000	250,000	248,650	(1,350)	12/23/2019	2.11%			\$ 250,000					
Citibank	250,000	250,000	249,793	(207)	3/30/2020	2.50%			\$ 250,000					
Capital One NA	245,000	245,000	243,408	(1,592)	8/12/2020	2.32%				\$ 245,000				
Barclays Bank	245,000	245,000	242,993	(2,007)	9/16/2020	2.22%				\$ 245,000				
Goldman Sachs Bank	250,000	250,000	245,795	(4,205)	9/28/2020	1.93%				\$ 250,000				
World's Foremost Bank	200,000	200,000	193,476	(6,524)	6/9/2021	1.76%					\$ 200,000			
Wells Fargo Bank	245,000	245,000	236,947	(8,053)	6/17/2021	1.81%					\$ 245,000			
APEX Bank	247,000	247,000	237,174	(9,826)	9/30/2021	1.56%					\$ 247,000			
JPMorgan Chase	246,000	246,000	235,958	(10,042)	9/30/2021	1.77%					\$ 246,000			
Discover Bank	245,000	245,000	234,583	(10,417)	11/9/2021	1.83%					\$ 245,000			
Vision Bank	245,000	245,000	236,873	(8,127)	11/30/2021	1.81%					\$ 245,000			
Third Federal S&L	250,000	250,000	248,020	(1,980)	1/31/2022	2.52%					\$ 250,000			
People's United Bank	245,000	245,000	239,015	(5,985)	2/8/2022	2.10%					\$ 245,000			
Total Investments	\$ 15,379,000	\$ 15,379,000	\$ 15,092,332	(286,668)			\$ 1,741,000	\$ -	\$ 1,490,000	\$ 1,485,000	\$ 1,740,000	\$ 7,923,000	\$ 1,000,000	

Pooled Investment Funds	6,995,690												
LAIF	5,495,690												
L.A. County Pooled Inv. Fund	1,500,000												
Cash	1,432,817												
Union Bank Money Market	278,944												
Union Bank Checking	1,081,243												
Parking Citation	72,630												
Total Investment	15,379,000												
Government Obligation	9,000,000												
Negotiable Certificate of Deposit	6,379,000												
Total Cash & Investments:	23,807,507												

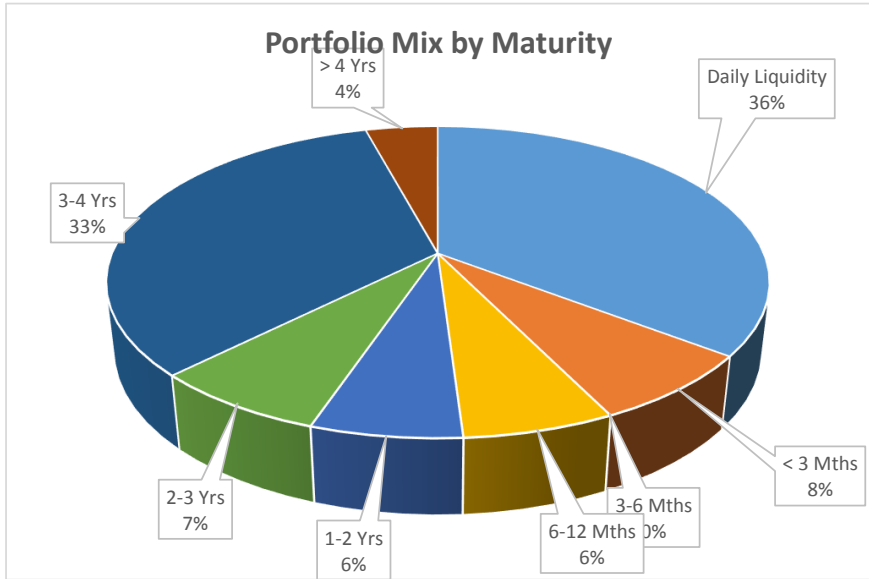
Average Years to Maturity	2.55
Weighted Average Years to Maturity	2.62

* Source: Union Bank

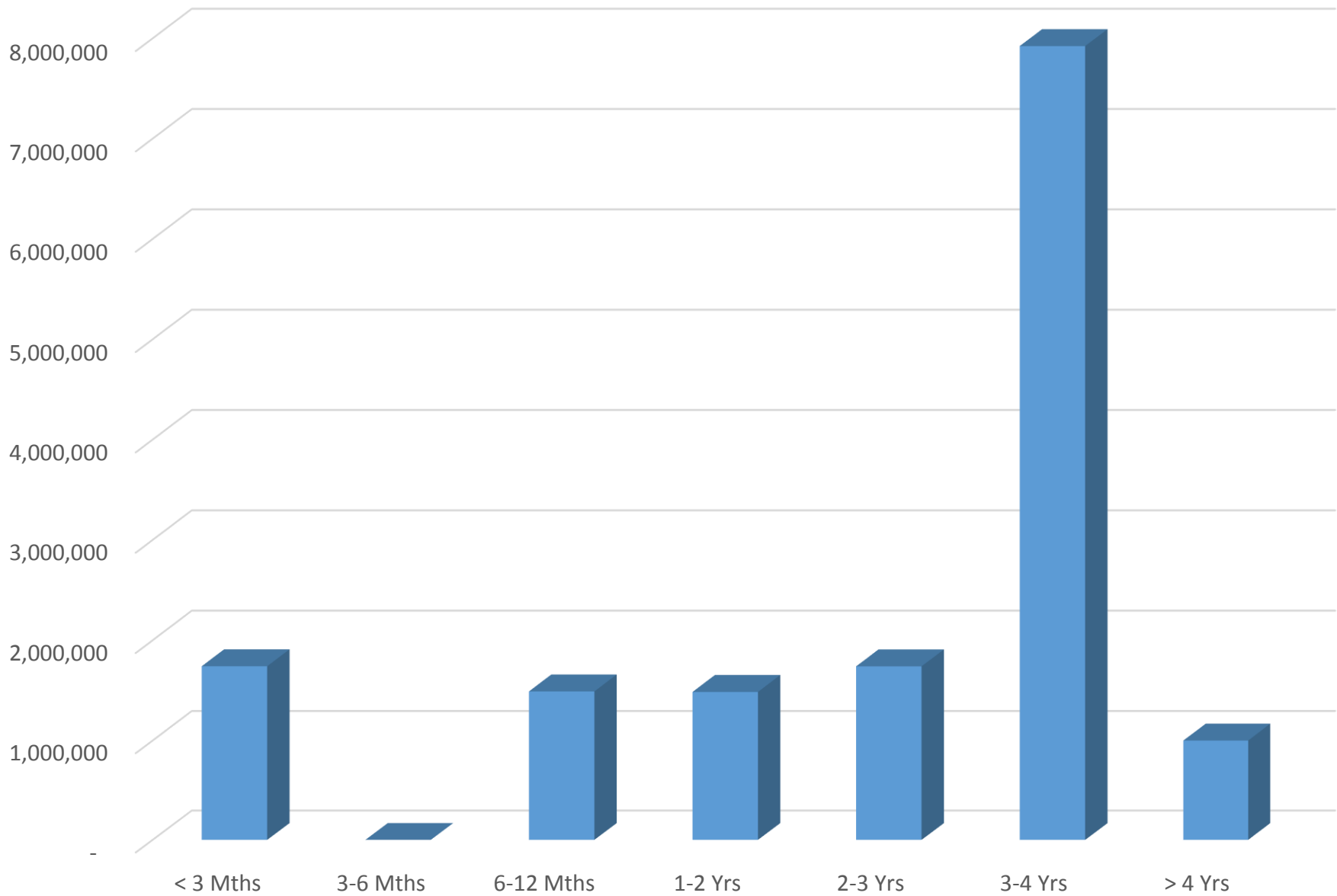
Category	Book Value	Mix %	Policy Limits
Pooled Funds	6,995,690	29.4%	100%
Cash	1,153,873	4.8%	100%
M Mkt	278,944	1.2%	100%
CDs	6,379,000	26.8%	30%
Gov Obligation	9,000,000	37.8%	100%
Total	23,807,507	100.0%	



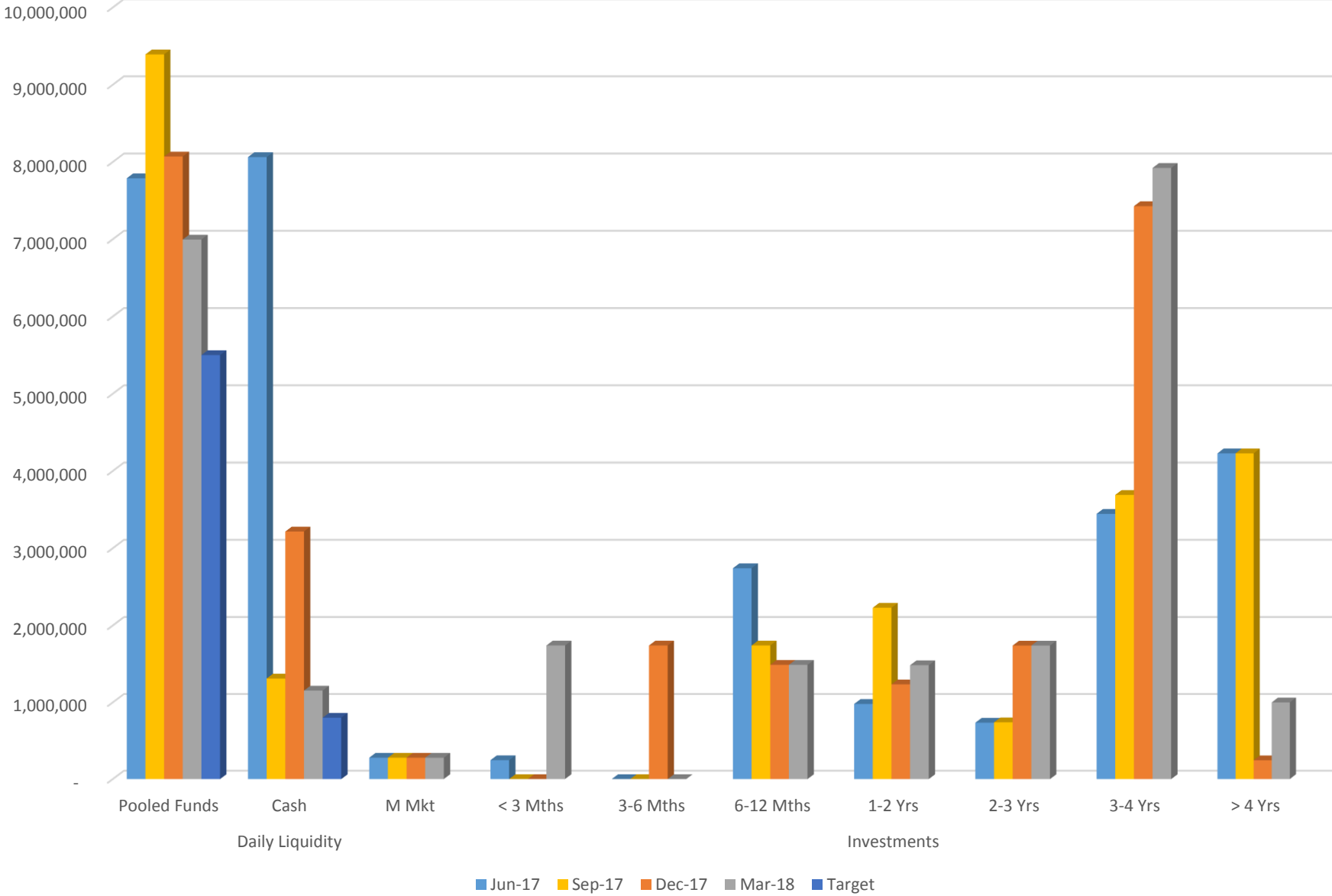
Category	Book Value	Mix %
Daily Liquidity	8,428,507	35.4%
< 3 Mths	1,741,000	7.3%
3-6 Mths	-	0.0%
6-12 Mths	1,490,000	6.3%
1-2 Yrs	1,485,000	6.2%
2-3 Yrs	1,740,000	7.3%
3-4 Yrs	7,923,000	33.3%
> 4 Yrs	1,000,000	4.2%
Total	23,807,507	100.0%



Investments by Matutiry



Cash & Investments by Maturity



Transaction Summary: March 31, 2018

	Cash
Receipts	
Interest	17,269.71
Sales/Maturities/Calls	
Deposits	242,000.00
Total Reciepts	259,269.71
Disbursements	
Purchases	(250,000.00)
Transfer to Checking	(9,269.71)
Total Disbursments	(259,269.71)
Total Net Transactions	0.00