MEMORANDUM

TO: CITY COUNCIL

FROM: DEBBIE MALICOAT, DIRECTOR OF ADMINISTRATIVE SERVICES

BY: RYAN CORNELL, ACCOUNTING SUPERVISOR

SUBJECT: CONSIDERATION OF STATEMENT OF INVESTMENT DEPOSITS

DATE: OCTOBER 28, 2014

RECOMMENDATION:

It is recommended the City Council receive and file the attached report listing of investment deposits of the City of Arroyo Grande, as of September 30, 2014, as required by Government Code Section 53646(b).

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

There is no funding impact to the City related to these reports. However, the City does receive interest revenue based on the interest rate of the investment(s).

No or minimal future staff time is projected.

BACKGROUND:

This report represents the City's investments as of September 30, 2014. It includes all investments managed by the City, the investment institution, investment type, book value, maturity date, and rate of interest. As of September 30, 2014, the investment portfolio was in compliance with all State laws and the City's investment policy.

ANALYSIS OF ISSUES:

The Director of Administrative Services has historically submitted to the City Council a monthly report, providing the following information:

1. Type of investment.
2. Financial institution (bank, savings and loan, broker, etc).
3. Date of maturity.
4. Principal amount.
5. Rate of interest.
6. Current market value for all securities having a maturity of more than 12 months.
7. Relationship of the monthly report to the annual statement of investment policy.

ALTERNATIVES:
The following alternatives are provided for the Council's consideration:

- *Recommended Alternative* - Approve staff's recommendation to receive and file the attached report listing the investment deposits.
- Do not approve staff's recommendation
- Provide direction to staff

ADVANTAGES:
Safety of principal is the foremost objective of the City. Investments are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

DISADVANTAGES:
Some level of risk is present in any investment transaction. Losses could be incurred due to market price changes, technical cash flow complications such as the need to withdraw a non-negotiable Time Certificate of Deposit early, or even the default of an issuer. To minimize such risks, diversifications of the investment portfolio by institution and by investment instruments are being used as much as is practical and prudent.

ENVIRONMENTAL REVIEW:
No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:
The Agenda was posted in front of City Hall on Thursday, October 23, 2014. The Agenda and report were posted on the City's website on Friday, October 24, 2014. No public comments were received.

Attachments:

1. Portfolio Summary: September 30, 2014

City of Arroyo Grande
300 E. Branch St.
Arroyo Grande, CA 93420
Phone: (805) 473-5400

CITY OF ARROYO GRANDE
Portfolio Management
Portfolio Summary
September 30, 2014

Investments		Book Value	Interest Rate	Interest Rate PY	Date of Purchase	Term	Maturity Date	% of Portfolio
Local Agency Investment Fund	$	9,403,170.01	0.246%	0.257%				47.897%
Certificates of Deposit								
Redding Bank of Commerce		250,000.00	1.410%		March 22, 2012	36 mos	March 22, 2015	1.273%
Mission Community Bank		1,000,000.00	1.040%		July 1, 2012	36 mos	June 30, 2015	5.094%
Rabobank		254,423.09	0.990%		September 28, 2012	36 mos	September 28, 2015	1.296%
Silvergate Bank		249,000.00	0.900%		November 14, 2012	54 mos	May 15, 2017	1.268%
BMW Bank		245,000.00	2.000%		August 30, 2013	60 mos	August 30, 2018	1.248%
Cathay Bank		248,000.00	0.750%		August 30, 2013	30 mos	February 29, 2016	1.263%
Heritage Oaks Bank		100,000.00	0.500%		October 21, 2013	13 mos	November 21, 2014	0.509%
Total Certificates of Deposit		2,346,423.09						11.952%
Agency Bonds								
Federal Home Loan Mtg Corp		1,499,007.00	1.300%		September 17, 2014	42 mos	January 30, 2018	7.636%
Federal National Mortgage Assn		2,423,035.90	1.060%		September 17, 2014	66 mos	April 30, 2018	12.342%
Federal National Mortgage Assn		1,965,062.00	1.250%		February 14, 2014	60 mos	January 30, 2019	10.009%
Federal Farm Credit Bank		1,995,290.00	1.690%		April 14, 2014	60 mos	March 27, 2019	10.163%
Total Agency Bonds		7,882,394.90						40.151%
TOTAL INVESTMENTS	$	19,631,988.00						100.000%

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