



## MEMORANDUM

**TO: CITY COUNCIL**

**FROM: DEBBIE MALICOAT, DIRECTOR OF ADMINISTRATIVE SERVICES**

**BY: RYAN CORNELL, ACCOUNTING MANAGER**

**SUBJECT: CONSIDERATION OF STATEMENT OF INVESTMENT DEPOSITS**

**DATE: FEBRUARY 23, 2016**

### **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 January 31, 2016, 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 investments.

No or minimal future staff time is projected.

### **BACKGROUND:**

This report represents the City's investments as of January 31, 2016. It includes all investments managed by the City, the investment institution, investment type, book value, maturity date, and rate of interest. As of January 31, 2016, 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.

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**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, February 18, 2016. The Agenda and report were posted on the City's website on Friday, February 19, 2016. No public comments were received.

Attachments:

1. Portfolio Summary: January 31, 2016



City of Arroyo Grande  
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Phone: (805) 473-5400

**CITY OF ARROYO GRANDE**  
**Portfolio Management**  
**Portfolio Summary**  
**January 31, 2016**

<b>Investments</b>	<b>Book Value</b>	<b>Interest Rate</b>	<b>Interest Rate PY</b>	<b>Date of Purchase</b>	<b>Term</b>	<b>Maturity Date</b>	<b>% of Portfolio</b>
<b>Local Agency Investment Fund</b>	\$ 4,908,855.99	0.446%	0.262%				25.067%
<b>Certificates of Deposit</b>							
Heritage Oaks Bank	100,493.30	0.500%		November 21, 2014	13 mos	December 21, 2015	0.513%
Cathay Bank	248,000.00	0.750%		August 30, 2013	30 mos	February 29, 2016	1.266%
Silvergate Bank	249,000.00	0.900%		November 14, 2012	54 mos	May 15, 2017	1.272%
Redding Bank of Commerce	250,000.00	1.300%		March 22, 2015	36 mos	March 22, 2018	1.277%
Compass Bank	245,000.00	1.150%		May 6, 2015	36 mos	May 7, 2018	1.251%
Mission Community Bank	1,000,000.00	0.800%		July 3, 2015	36 mos	July 3, 2018	5.106%
BMW Bank	245,000.00	2.000%		August 30, 2013	60 mos	August 30, 2018	1.251%
<b>Total Certificates of Deposit</b>	<b>2,337,493.30</b>						<b>11.936%</b>
<b>Agency Bonds</b>							
FICO Strip Principal	2,496,606.72	0.840% *		January 15, 2015	360 mos	November 30, 2017	12.749%
Federal National Mortgage Assn	2,423,035.90	1.060%		September 17, 2014	66 mos	April 30, 2018	12.373%
Federal National Mortgage Assn	1,965,062.00	1.250%		February 14, 2014	60 mos	January 30, 2019	10.035%
FICO Strip Coupon	954,201.94	1.480% *		May 6, 2015	360 mos	September 26, 2019	4.873%
Federal National Mortgage Assn	2,497,680.00	1.550%		January 15, 2015	84 mos	October 4, 2019	12.754%
Federal Farm Credit	2,000,000.00	1.700%		October 9, 2015	84 mos	October 8, 2020	10.213%
<b>Total Agency Bonds</b>	<b>12,336,586.56</b>						<b>62.997%</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 19,582,935.85</b>						<b>100.000%</b>

\* Effective Interest Rate

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