



MEMORANDUM

TO: CITY COUNCIL

FROM: DEBBIE MALICOAT, DIRECTOR OF ADMINISTRATIVE SERVICES

BY: NICOLE VALENTINE, ACCOUNTING MANAGER

SUBJECT: CONSIDERATION OF STATEMENT OF INVESTMENT DEPOSITS

DATE: FEBRUARY 28, 2017

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 October 31, 2016, November 30, 2016, December 31, 2016 and January 31, 2017 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 October 31, 2016, November 30, 2016, December 31, 2016 and January 31, 2017. 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, 2017, 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 at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. Portfolio Summary: October 31, 2016
2. Portfolio Summary: November 30, 2016
3. Portfolio Summary: December 31, 2016
4. Portfolio Summary: January 31, 2017



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

CITY OF ARROYO GRANDE
Portfolio Management
Portfolio Summary
October 31, 2016

| Investments | Principal Value | Current Market Value | Interest Rate | Date of Purchase | Term | Maturity Date | % of Portfolio |
|--------------------------------------|-------------------------|-----------------------------|----------------------|-------------------------|-------------|----------------------|-----------------------|
| Local Agency Investment Fund | \$ 6,162,896.91 | \$ 6,162,896.91 | 0.634% | | | | 33.159% |
| Certificates of Deposit | | | | | | | |
| Heritage Oaks Bank | 100,996.91 | 100,996.91 | 0.500% | December 21, 2015 | 12 mos | December 21, 2016 | 0.543% |
| Redding Bank of Commerce | 250,000.00 | 250,000.00 | 1.300% | March 22, 2015 | 36 mos | March 22, 2018 | 1.345% |
| Compass Bank | 245,000.00 | 245,000.00 | 1.150% | May 6, 2015 | 36 mos | May 7, 2018 | 1.318% |
| Silvergate Bank | 249,000.00 | 249,000.00 | 1.050% | June 17, 2016 | 36 mos | June 18, 2018 | 1.340% |
| Mission Community Bank | 1,000,000.00 | 1,000,000.00 | 0.800% | July 3, 2015 | 36 mos | July 3, 2018 | 5.380% |
| BMW Bank | 245,000.00 | 245,000.00 | 2.000% | August 30, 2013 | 60 mos | August 30, 2018 | 1.318% |
| Ally Bank | 248,000.00 | 248,000.00 | 1.050% | July 7, 2016 | 36 mos | July 8, 2019 | 1.334% |
| Capital One Bank USA | 248,000.00 | 248,000.00 | 1.000% | July 7, 2016 | 36 mos | July 8, 2019 | 1.334% |
| Discover Bank | 248,000.00 | 248,000.00 | 1.100% | July 7, 2016 | 36 mos | July 8, 2019 | 1.334% |
| JP Morgan Chase Bank | 248,000.00 | 248,000.00 | 1.100% | July 15, 2016 | 36 mos | July 15, 2019 | 1.334% |
| Total Certificates of Deposit | 3,081,996.91 | 3,081,996.91 | | | | | 16.582% |
| Agency Bonds | | | | | | | |
| FICO Strip Principal | 2,496,606.72 | 2,531,379.20 | 0.840% | January 15, 2015 | 360 mos | November 30, 2017 | 13.433% |
| Federal National Mortgage Assn | 2,423,035.90 | 2,451,926.34 | 1.060% | September 17, 2014 | 66 mos | April 30, 2018 | 13.037% |
| Federal National Mortgage Assn | 1,965,062.00 | 1,992,988.00 | 1.250% | February 14, 2014 | 60 mos | January 30, 2019 | 10.573% |
| FICO Strip Coupon | 954,201.94 | 985,002.55 | 1.480% | May 6, 2015 | 360 mos | September 26, 2019 | 5.134% |
| Federal Home Loan Bank | 1,502,338.50 | 1,481,175.00 | 1.200% | July 13, 2016 | 48 mos | July 13, 2020 | 8.083% |
| Total Agency Bonds | 9,341,245.06 | 9,442,471.09 | | | | | 50.259% |
| TOTAL INVESTMENTS | \$ 18,586,138.88 | \$ 18,687,364.91 | | | | | 100.000% |

* Effective Interest Rate



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CITY OF ARROYO GRANDE
Portfolio Management
Portfolio Summary
November 30, 2016

| Investments | Principal Value | Current Market Value | Interest Rate | Date of Purchase | Term | Maturity Date | % of Portfolio |
|--------------------------------------|-------------------------|-----------------------------|----------------------|-------------------------|-------------|----------------------|-----------------------|
| Local Agency Investment Fund | \$ 6,162,896.91 | \$ 6,162,896.91 | 0.634% | | | | 33.159% |
| Certificates of Deposit | | | | | | | |
| Heritage Oaks Bank | 100,996.91 | 100,996.91 | 0.500% | December 21, 2015 | 12 mos | December 21, 2016 | 0.543% |
| Redding Bank of Commerce | 250,000.00 | 250,000.00 | 1.300% | March 22, 2015 | 36 mos | March 22, 2018 | 1.345% |
| Compass Bank | 245,000.00 | 245,000.00 | 1.150% | May 6, 2015 | 36 mos | May 7, 2018 | 1.318% |
| Silvergate Bank | 249,000.00 | 249,000.00 | 1.050% | June 17, 2016 | 36 mos | June 18, 2018 | 1.340% |
| Mission Community Bank | 1,000,000.00 | 1,000,000.00 | 0.800% | July 3, 2015 | 36 mos | July 3, 2018 | 5.380% |
| BMW Bank | 245,000.00 | 245,000.00 | 2.000% | August 30, 2013 | 60 mos | August 30, 2018 | 1.318% |
| Ally Bank | 248,000.00 | 248,000.00 | 1.050% | July 7, 2016 | 36 mos | July 8, 2019 | 1.334% |
| Capital One Bank USA | 248,000.00 | 248,000.00 | 1.000% | July 7, 2016 | 36 mos | July 8, 2019 | 1.334% |
| Discover Bank | 248,000.00 | 248,000.00 | 1.100% | July 7, 2016 | 36 mos | July 8, 2019 | 1.334% |
| JP Morgan Chase Bank | 248,000.00 | 248,000.00 | 1.100% | July 15, 2016 | 36 mos | July 15, 2019 | 1.334% |
| Total Certificates of Deposit | 3,081,996.91 | 3,081,996.91 | | | | | 16.582% |
| Agency Bonds | | | | | | | |
| FICO Strip Principal | 2,496,606.72 | 2,536,581.12 | 0.840% | January 15, 2015 | 360 mos | November 30, 2017 | 13.433% |
| Federal National Mortgage Assn | 2,423,035.90 | 2,447,396.87 | 1.060% | September 17, 2014 | 66 mos | April 30, 2018 | 13.037% |
| Federal National Mortgage Assn | 1,965,062.00 | 1,983,226.00 | 1.250% | February 14, 2014 | 60 mos | January 30, 2019 | 10.573% |
| FICO Strip Coupon | 954,201.94 | 976,384.16 | 1.480% | May 6, 2015 | 360 mos | September 26, 2019 | 5.134% |
| Federal Home Loan Bank | 1,502,338.50 | 1,475,289.00 | 1.200% | July 13, 2016 | 48 mos | July 13, 2020 | 8.083% |
| Total Agency Bonds | 9,341,245.06 | 9,418,877.15 | | | | | 50.259% |
| TOTAL INVESTMENTS | \$ 18,586,138.88 | \$ 18,663,770.97 | | | | | 100.000% |

* Effective Interest Rate



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CITY OF ARROYO GRANDE
Portfolio Management
Portfolio Summary
December 31, 2016

| Investments | Principal Value | Current Market Value | Interest Rate | Date of Purchase | Term | Maturity Date | % of Portfolio |
|--------------------------------------|-------------------------|-----------------------------|----------------------|-------------------------|-------------|----------------------|-----------------------|
| Local Agency Investment Fund | \$ 4,162,896.91 | \$ 4,162,896.91 | 0.634% | | | | 25.099% |
| Certificates of Deposit | | | | | | | |
| Heritage Oaks Bank | 100,996.91 | 100,996.91 | 0.500% | December 21, 2016 | 12 mos | December 21, 2017 | 0.609% |
| Redding Bank of Commerce | 250,000.00 | 250,000.00 | 1.300% | March 22, 2015 | 36 mos | March 22, 2018 | 1.507% |
| Compass Bank | 245,000.00 | 245,000.00 | 1.150% | May 6, 2015 | 36 mos | May 7, 2018 | 1.477% |
| Silvergate Bank | 249,000.00 | 249,000.00 | 1.050% | June 17, 2016 | 36 mos | June 18, 2018 | 1.501% |
| Mission Community Bank | 1,000,000.00 | 1,000,000.00 | 0.800% | July 3, 2015 | 36 mos | July 3, 2018 | 6.029% |
| BMW Bank | 245,000.00 | 245,000.00 | 2.000% | August 30, 2013 | 60 mos | August 30, 2018 | 1.477% |
| Ally Bank | 248,000.00 | 248,000.00 | 1.050% | July 7, 2016 | 36 mos | July 8, 2019 | 1.495% |
| Capital One Bank USA | 248,000.00 | 248,000.00 | 1.000% | July 7, 2016 | 36 mos | July 8, 2019 | 1.495% |
| Discover Bank | 248,000.00 | 248,000.00 | 1.100% | July 7, 2016 | 36 mos | July 8, 2019 | 1.495% |
| JP Morgan Chase Bank | 248,000.00 | 248,000.00 | 1.100% | July 15, 2016 | 36 mos | July 15, 2019 | 1.495% |
| Total Certificates of Deposit | 3,081,996.91 | 3,081,996.91 | | | | | 18.582% |
| Agency Bonds | | | | | | | |
| FICO Strip Principal | 2,496,606.72 | 2,538,746.88 | 0.840% | January 15, 2015 | 360 mos | November 30, 2017 | 15.052% |
| Federal National Mortgage Assn | 2,423,035.90 | 2,445,167.73 | 1.060% | September 17, 2014 | 66 mos | April 30, 2018 | 14.609% |
| Federal National Mortgage Assn | 1,965,062.00 | 1,980,430.00 | 1.250% | February 14, 2014 | 60 mos | January 30, 2019 | 11.848% |
| FICO Strip Coupon | 954,201.94 | 974,034.62 | 1.480% | May 6, 2015 | 360 mos | September 26, 2019 | 5.753% |
| Federal Home Loan Bank | 1,502,338.50 | 1,467,175.50 | 1.200% | July 13, 2016 | 48 mos | July 13, 2020 | 9.058% |
| Total Agency Bonds | 9,341,245.06 | 9,405,554.73 | | | | | 56.320% |
| TOTAL INVESTMENTS | \$ 16,586,138.88 | \$ 16,650,448.55 | | | | | 100.000% |

* Effective Interest Rate



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January 31, 2017

| Investments | Principal Value | Current Market Value | Interest Rate | Date of Purchase | Term | Maturity Date | % of Portfolio |
|--------------------------------------|-------------------------|-----------------------------|----------------------|-------------------------|-------------|----------------------|-----------------------|
| Local Agency Investment Fund | \$ 4,172,468.46 | \$ 4,172,468.46 | 0.634% | | | | 25.142% |
| Certificates of Deposit | | | | | | | |
| Heritage Oaks Bank | 100,996.91 | 100,996.91 | 0.500% | December 21, 2016 | 12 mos | December 21, 2017 | 0.609% |
| Redding Bank of Commerce | 250,000.00 | 250,000.00 | 1.300% | March 22, 2015 | 36 mos | March 22, 2018 | 1.506% |
| Compass Bank | 245,000.00 | 245,000.00 | 1.150% | May 6, 2015 | 36 mos | May 7, 2018 | 1.476% |
| Silvergate Bank | 249,000.00 | 249,000.00 | 1.050% | June 17, 2016 | 36 mos | June 18, 2018 | 1.500% |
| Mission Community Bank | 1,000,000.00 | 1,000,000.00 | 0.800% | July 3, 2015 | 36 mos | July 3, 2018 | 6.026% |
| BMW Bank | 245,000.00 | 245,000.00 | 2.000% | August 30, 2013 | 60 mos | August 30, 2018 | 1.476% |
| Ally Bank | 248,000.00 | 248,000.00 | 1.050% | July 7, 2016 | 36 mos | July 8, 2019 | 1.494% |
| Capital One Bank USA | 248,000.00 | 248,000.00 | 1.000% | July 7, 2016 | 36 mos | July 8, 2019 | 1.494% |
| Discover Bank | 248,000.00 | 248,000.00 | 1.100% | July 7, 2016 | 36 mos | July 8, 2019 | 1.494% |
| JP Morgan Chase Bank | 248,000.00 | 248,000.00 | 1.100% | July 15, 2016 | 36 mos | July 15, 2019 | 1.494% |
| Total Certificates of Deposit | 3,081,996.91 | 3,081,996.91 | | | | | 18.571% |
| Agency Bonds | | | | | | | |
| FICO Strip Principal | 2,496,606.72 | 2,538,746.88 | 0.840% | January 15, 2015 | 360 mos | November 30, 2017 | 15.044% |
| Federal National Mortgage Assn | 2,423,035.90 | 2,447,006.52 | 1.060% | September 17, 2014 | 66 mos | April 30, 2018 | 14.600% |
| Federal National Mortgage Assn | 1,965,062.00 | 1,980,430.00 | 1.250% | February 14, 2014 | 60 mos | January 30, 2019 | 11.841% |
| FICO Strip Coupon | 954,201.94 | 974,034.62 | 1.480% | May 6, 2015 | 360 mos | September 26, 2019 | 5.750% |
| Federal Home Loan Bank | 1,502,338.50 | 1,467,175.50 | 1.200% | July 13, 2016 | 48 mos | July 13, 2020 | 9.053% |
| Total Agency Bonds | 9,341,245.06 | 9,407,393.52 | | | | | 56.287% |
| TOTAL INVESTMENTS | \$ 16,595,710.43 | \$ 16,661,858.89 | | | | | 100.000% |

* Effective Interest Rate