





MEMORANDUM

TO: CITY COUNCIL

FROM: DEBBIE MALICOAT, DIRECTOR OF ADMINISTRATIVE SERVICES 

BY: RYAN CORNELL, ACCOUNTING SUPERVISOR 

SUBJECT: CONSIDERATION OF STATEMENT OF INVESTMENT DEPOSITS

DATE: FEBRUARY 25, 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 January 31, 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 January 31, 2014. 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, 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.

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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:

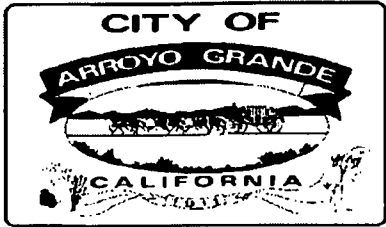
No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted in front of City Hall on Thursday, February 20, 2014. The Agenda and report were posted on the City's website on Friday, February 21, 2014. No public comments were received.

Attachments:

1. Portfolio Summary: January 31, 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
January 31, 2014

Investments	Book Value	Interest Rate	Interest Rate PY	Date of Purchase	Term	Maturity Date	% of Portfolio
Local Agency Investment Fund	\$ 9,950,446.86	0.244%	0.300%				57.165%
Certificates of Deposit							
Redding Bank of Commerce	250,000.00	1.410%		March 22, 2012	36 mos	March 22, 2015	1.436%
Mission Community Bank	1,000,000.00	1.040%		July 1, 2012	36 mos	June 30, 2015	5.745%
Rabobank	253,153.41	0.990%		September 28, 2012	36 mos	September 28, 2015	1.454%
Silvergate Bank	249,000.00	0.900%		November 14, 2012	54 mos	May 15, 2017	1.431%
BMW Bank	245,000.00	2.000%		August 30, 2013	60 mos	August 30, 2018	1.408%
Cathay Bank	248,000.00	0.750%		August 30, 2013	30 mos	February 29, 2016	1.425%
Heritage Oaks Bank	100,000.00	0.500%		October 21, 2013	13 mos	November 21, 2014	0.575%
Mutual Securities	250,000.00	0.750%*		March 9, 2012	3/9/2014	March 9, 2017	1.436%
Total Certificates of Deposit	<u>2,595,153.41</u>						<u>14.909%</u>
Agency Bonds							
Federal Home Loan Bank (Freddie Mac)	1,865,718.75	1.954%		August 28, 2013	60 mos	August 21, 2018	10.719%
Federal Home Loan Bank (Fannie Mae)	2,000,000.00	1.000%		August 28, 2013	36 mos	August 26, 2016	11.490%
Federal Home Loan Bank (Fannie Mae)	995,109.00	0.921%		August 28, 2013	35 mos	July 26, 2016	5.717%
Total Agency Bonds	<u>4,860,827.75</u>						<u>27.925%</u>
TOTAL INVESTMENTS	<u>\$ 17,406,428.02</u>						<u>100.000%</u>

* - Interest rate increases by .25% per year if certificate is not called.

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