



## MEMORANDUM

**TO: CITY COUNCIL**

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

**BY: NICOLE VALENTINE, ACCOUNTING MANAGER**

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

**DATE: SEPTEMBER 25, 2018**

### **SUMMARY OF ACTION:**

Presentation of investment deposits.

### **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.

### **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 August 31, 2018 as required by Government Code Section 53646(b).

### **BACKGROUND:**

This report represents the City's investments as of August 31, 2018. It includes all investments managed by the City, the investment institution, investment type, book value, maturity date, and rate of interest. As of August 31, 2018, 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).

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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 at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. Portfolio Summary: August 31, 2018



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**CITY OF ARROYO GRANDE**  
**Portfolio Management**  
**Portfolio Summary**  
**August 31, 2018**

Investments	Principal Value	Current Market Value	Interest Rate	Date of Purchase	Term	Maturity Date	% of Portfolio
<b>Local Agency Investment Fund</b>	\$ 4,766,407.50	\$ 4,766,407.50	0.634%				31.230%
<b>Certificates of Deposit</b>							
Pacific Premier Bank	102,503.74	102,503.74	0.500%	February 21, 2018	12 mos	February 21, 2019	0.672%
Pacific Premier Bank	1,000,000.00	1,000,000.00	0.800%	July 3, 2018	36 mos	July 3, 2019	6.552%
Capital One Bank USA	248,000.00	248,000.00	1.000%	July 7, 2016	36 mos	July 8, 2019	1.625%
Ally Bank	248,000.00	248,000.00	1.050%	July 7, 2016	36 mos	July 8, 2019	1.625%
Discover Bank	248,000.00	248,000.00	1.100%	July 7, 2016	36 mos	July 8, 2019	1.625%
JP Morgan Chase Bank	248,000.00	248,000.00	1.100%	July 15, 2016	36 mos	July 15, 2019	1.625%
Goldman Sachs Bank USA	247,000.00	247,000.00	1.700%	October 18, 2017	24 mos	October 18, 2019	1.618%
Wex Bank	247,000.00	247,000.00	1.700%	October 18, 2017	24 mos	October 18, 2019	1.618%
Citibank	245,000.00	245,000.00	2.700%	May 11, 2018	24 mos	May 11, 2020	1.605%
Morgan Stanley	245,000.00	245,000.00	2.800%	August 18, 2018	24 mos	August 31, 2020	1.605%
Capital One Bank USA	247,000.00	247,000.00	2.000%	October 18, 2017	36 mos	October 19, 2020	1.618%
Comenity Capital Bank	249,000.00	249,000.00	1.950%	October 23, 2017	36 mos	October 23, 2020	1.631%
<b>Total Certificates of Deposit</b>	<b>3,574,503.74</b>	<b>3,574,503.74</b>					<b>23.420%</b>
<b>Agency Bonds</b>							
Federal National Mortgage Assn	1,965,062.00	1,989,408.00	1.250%	February 14, 2014	60 mos	January 30, 2019	12.875%
FICO Strip Coupon	954,201.94	989,749.48	1.480%	May 6, 2015	360 mos	September 26, 2019	6.252%
Federal Home Loan Bank	1,502,338.50	1,460,241.00	1.200%	July 13, 2016	48 mos	July 13, 2020	9.843%
Federal Farm Credit Bank	2,500,000.00	2,423,985.00	2.090%	November 15, 2017	48 mos	November 15, 2021	16.380%
<b>Total Agency Bonds</b>	<b>6,921,602.44</b>	<b>6,863,383.48</b>					<b>45.350%</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 15,262,513.68</b>	<b>\$ 15,204,294.72</b>					<b>100.000%</b>

\* Effective Interest Rate

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