



## MEMORANDUM

**TO: CITY COUNCIL**

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

**BY: NICOLE VALENTINE, ACCOUNTING MANAGER**

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

**DATE: OCTOBER 24, 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 September 30, 2017 as required by Government Code Section 53646(b).

**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.

**BACKGROUND:**

This report represents the City's investments as of September 30, 2017. 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, 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.

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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: September 30, 2017



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

**CITY OF ARROYO GRANDE**  
**Portfolio Management**  
**Portfolio Summary**  
**September 30, 2017**

<b>Investments</b>	<b>Principal Value</b>	<b>Current Market Value</b>	<b>Interest Rate</b>	<b>Date of Purchase</b>	<b>Term</b>	<b>Maturity Date</b>	<b>% of Portfolio</b>
<b>Local Agency Investment Fund</b>	\$ 5,694,380.58	\$ 5,694,380.58	0.634%				31.868%
<b>Certificates of Deposit</b>							
Pacific Premier Bank	100,996.91	100,996.91	0.500%	December 21, 2016	12 mos	December 21, 2017	0.565%
Redding Bank of Commerce	250,000.00	250,000.00	1.300%	March 22, 2015	36 mos	March 22, 2018	1.399%
Compass Bank	245,000.00	245,000.00	1.150%	May 6, 2015	36 mos	May 7, 2018	1.371%
Mission Community Bank	1,000,000.00	1,000,000.00	0.800%	July 3, 2015	36 mos	July 3, 2018	5.596%
BMW Bank	245,000.00	245,000.00	2.000%	August 30, 2013	60 mos	August 30, 2018	1.371%
Ally Bank	248,000.00	248,000.00	1.050%	July 7, 2016	36 mos	July 8, 2019	1.388%
Capital One Bank USA	248,000.00	248,000.00	1.000%	July 7, 2016	36 mos	July 8, 2019	1.388%
Discover Bank	248,000.00	248,000.00	1.100%	July 7, 2016	36 mos	July 8, 2019	1.388%
JP Morgan Chase Bank	248,000.00	248,000.00	1.100%	July 15, 2016	36 mos	July 15, 2019	1.388%
<b>Total Certificates of Deposit</b>	<b>2,832,996.91</b>	<b>2,832,996.91</b>					<b>15.855%</b>
<b>Agency Bonds</b>							
FICO Strip Principal	2,496,606.72	2,554,992.64	0.840%	January 15, 2015	360 mos	November 30, 2017	13.972%
Federal National Mortgage Assn	2,423,035.90	2,451,180.02	1.060%	September 17, 2014	66 mos	April 30, 2018	13.560%
Federal National Mortgage Assn	1,965,062.00	1,993,010.00	1.250%	February 14, 2014	60 mos	January 30, 2019	10.997%
FICO Strip Coupon	954,201.94	983,819.63	1.480%	May 6, 2015	360 mos	September 26, 2019	5.340%
Federal Home Loan Bank	1,502,338.50	1,477,858.50	1.200%	July 13, 2016	48 mos	July 13, 2020	8.408%
<b>Total Agency Bonds</b>	<b>9,341,245.06</b>	<b>9,460,860.79</b>					<b>52.277%</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 17,868,622.55</b>	<b>\$ 17,988,238.28</b>					<b>100.000%</b>

\* Effective Interest Rate

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