



MEMORANDUM

TO: CITY COUNCIL

FROM: DEBBIE MALICOAT, DIRECTOR OF ADMINISTRATIVE SERVICES

BY: NICOLE VALENTINE, ACCOUNTING MANAGER

SUBJECT: CONSIDERATION OF STATEMENT OF INVESTMENT DEPOSITS

DATE: NOVEMBER 28, 2017

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 October 31, 2017 as required by Government Code Section 53646(b).

BACKGROUND:

This report represents the City's investments as of October 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 October 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).

**CITY COUNCIL
CONSIDERATION OF INVESTMENT DEPOSITS
NOVEMBER 28, 2017
PAGE 2**

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: October 31, 2017



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

CITY OF ARROYO GRANDE
Portfolio Management
Portfolio Summary
October 31, 2017

Investments	Principal Value	Current Market Value	Interest Rate	Date of Purchase	Term	Maturity Date	% of Portfolio
Local Agency Investment Fund	\$ 5,710,528.15	\$ 5,710,528.15	0.634%				30.255%
Certificates of Deposit							
Pacific Premier Bank	100,996.91	100,996.91	0.500%	December 21, 2016	12 mos	December 21, 2017	0.535%
Redding Bank of Commerce	250,000.00	250,000.00	1.300%	March 22, 2015	36 mos	March 22, 2018	1.325%
Compass Bank	245,000.00	245,000.00	1.150%	May 6, 2015	36 mos	May 7, 2018	1.298%
Mission Community Bank	1,000,000.00	1,000,000.00	0.800%	July 3, 2015	36 mos	July 3, 2018	5.298%
BMW Bank	245,000.00	245,000.00	2.000%	August 30, 2013	60 mos	August 30, 2018	1.298%
Ally Bank	248,000.00	248,000.00	1.050%	July 7, 2016	36 mos	July 8, 2019	1.314%
Capital One Bank USA	248,000.00	248,000.00	1.000%	July 7, 2016	36 mos	July 8, 2019	1.314%
Discover Bank	248,000.00	248,000.00	1.100%	July 7, 2016	36 mos	July 8, 2019	1.314%
JP Morgan Chase Bank	248,000.00	248,000.00	1.100%	July 15, 2016	36 mos	July 15, 2019	1.314%
Capital One Bank USA	247,000.00	247,000.00	2.000%	October 18, 2017	36 mos	October 19, 2020	1.309%
Goldman Sachs Bank USA	247,000.00	247,000.00	1.700%	October 18, 2017	24 mos	October 18, 2019	1.309%
Wex Bank	247,000.00	247,000.00	1.700%	October 18, 2017	24 mos	October 18, 2019	1.309%
Comenity Capital Bank	249,000.00	249,000.00	1.950%	October 23, 2017	36 mos	October 23, 2020	1.319%
Total Certificates of Deposit	3,822,996.91	3,822,996.91					20.255%
Agency Bonds							
FICO Strip Principal	2,496,606.72	2,557,665.28	0.840%	January 15, 2015	360 mos	November 30, 2017	13.227%
Federal National Mortgage Assn	2,423,035.90	2,451,486.90	1.060%	September 17, 2014	66 mos	April 30, 2018	12.837%
Federal National Mortgage Assn	1,965,062.00	1,990,452.00	1.250%	February 14, 2014	60 mos	January 30, 2019	10.411%
FICO Strip Coupon	954,201.94	983,280.09	1.480%	May 6, 2015	360 mos	September 26, 2019	5.055%
Federal Home Loan Bank	1,502,338.50	1,474,777.50	1.200%	July 13, 2016	48 mos	July 13, 2020	7.960%
Total Agency Bonds	9,341,245.06	9,457,661.77					49.490%
TOTAL INVESTMENTS	\$ 18,874,770.12	\$ 18,991,186.83					100.000%

* Effective Interest Rate

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