



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Patty Maitland, Finance Director
MEETING DATE: November 4, 2015
SUBJECT: Treasurer's Quarterly Report
CEQA: Does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

Receive the report.

DISCUSSION

Article 19, Section (K) of the City Charter requires a quarterly statement of all funds in the treasury be submitted to the Council. The Treasurer's report allows the Council and public to verify City funds are invested in a safe and prudent manner, and that those investments comply with City policy and state law. The Treasurer's Report differs from a budget report –its purpose is to report on cash balances.

This report reflects the City's balances as of September 30, 2015. It shows citywide cash and investments totaled \$17.6 million. All such investments are in government securities, certificates of deposit, or other approved investment vehicles. Maturity dates are laddered to ensure liquidity. All bank balances are insured.

Summary of Activity from the Quarter and Future Investments:

1. In July, a quarterly callable Federal Home bond (1.150% yield) was sold to purchase an American Express Federal Savings Bank Certificate of Deposit (CD) with a 1.450% yield and a Capital One National Association CD with a 1.350% yield. Both CDs are non-callable.
2. In September, a Federal Home Loan Bank factor bond (0.67% yield) was partially called one year prior to maturity. The City did not lose any of its investment capital, but received a portion of the investment back early (accrued interest of \$515.13). The proceeds were invested in a Medallion Bank CD at 1.75% with a four year maturity (to maintain sufficiently laddered maturity dates).
3. In September, a Freddie Mac note and a Fannie Mae note matured. The cash account reflects the deposit of these funds pending transfer to Pro Equities.
4. In October, Pro Equities identified that the purchase of the American Express CD in July put the investment over the FDIC limit. A partial sale of \$90,000 of the CD was made to bring

the invested amount into compliance. The City did not lose any invested capital and earned \$82.48 in interest.

5. UBS investments were transferred to Pro Equities in October to increase efficiency, minimize risk and preserve liquidity.
6. As of October 23, 2015, two Federal Farm Credit Bank Bonds, one at .650% (maturity October 2016) and another at 1.1% (maturity February 2018), and a Federal Home Loan Banks Bond at 1.0% (maturity April 2018) were called. These funds were reinvested in a non-callable Freddie Mac bond at 1.22% for four years, and a non-callable Fannie Mae bond at 1.51% for five years.
7. In October, the Council approved a change to Council Policy 400-5 *Investments* that specifies non-negotiable CDs shall not have a percentage cap for investment.

As evidenced by the portfolio activity in the reported quarter (which is continuing in the current quarter), the City's bond and note investments are especially vulnerable to being called prior to their maturity. This is a result of a recovering market where interest rates have improved over those offered when many of these callable instruments were purchased. The City does not typically lose money when bond and/or notes are called, however, the yields are significantly less than what was originally anticipated at the time of purchase. The current investment strategy is, as the bonds are called, to reinvest the funds in non-callable bonds and high yield, non-negotiable CDs (as noted in item No. 6 above).

FISCAL IMPACT

None.

ATTACHMENTS

1. Treasurer's report for the quarter ended September 30, 2015.

RESPECTFULLY SUBMITTED:

REVIEWED BY:

Patty Maitland

Thomas Frutchey

Patty Maitland
Finance Director

Thomas Frutchey
City Manager

CITY OF PACIFIC GROVE TREASURER'S REPORT AS OF SEPTEMBER 30, 2015							
DEPOSITORY		DESCRIPTION OF SECURITY	MATURITY DATE	INTEREST RATE/YIELD	DOLLAR/PAR AMOUNT	BA, Attachment 1	MARKET VALUE
						Page	
State of California	Local Agency Investment Fund (LAIF)		Immediate	0.240%	6,029,129.56		6,029,129.56
					6,029,129.56		6,029,129.56
Bank of America	Checking	Pooled Cash	Immediate	0.000%	349,613.20		349,613.20
					349,613.20		349,613.20
N/A	Petty Cash	General	Immediate	0.000%	685.00		685.00
					685.00		685.00
Pro Equities	Cash				2,753.87		2,753.87
Pro Equities	Certificate of Deposit	Ally Bank Midvale Utah	12/07/15	0.900%	248,000.00		248,295.12
Pro Equities	Certificate of Deposit	American Express Fed Svgs Bk Instl CTF	01/16/18	1.450%	248,000.00		247,675.12
Pro Equities	Certificate of Deposit	American Express Centurion Bk CTF	07/15/20	2.350%	247,000.00		246,466.48
Pro Equities	Certificate of Deposit	BMW Bk North Amer Salt Lake City Utah	06/19/20	2.100%	247,000.00		244,260.77
Pro Equities	Certificate of Deposit	Capital One Natl Assn Mclean VA CTF	01/16/18	1.350%	248,000.00		247,672.64
Pro Equities	Certificate of Deposit	Capital One Bk USA Natl Assn Glen Allen	11/09/19	2.000%	247,000.00		247,145.73
Pro Equities	Certificate of Deposit	Crescom Bk Myrtle Beach SC	01/25/18	0.950%	248,000.00		245,688.64
Pro Equities	Certificate of Deposit	Discover Bk Greenwood Del CTF	11/14/16	1.200%	248,000.00		249,435.92
Pro Equities	Certificate of Deposit	Eaglebank Bethesda Md	11/08/16	0.700%	249,000.00		249,094.62
Pro Equities	Certificate of Deposit	Everbank Jacksonville Fla	11/15/17	1.000%	248,000.00		246,640.96
Pro Equities	Certificate of Deposit	First Amern Bk Elk Grove	11/15/17	0.900%	249,000.00		251,387.91
Pro Equities	Certificate of Deposit	Firstbank P R Santurce	11/30/17	1.250%	249,000.00		251,208.63
Pro Equities	Certificate of Deposit	GE Cap Bk Retail CTF Dep Program Book	11/09/16	1.350%	248,000.00		249,845.12
Pro Equities	Certificate of Deposit	Goldman Sachs B USA New York	11/14/17	1.500%	248,000.00		249,222.64
Pro Equities	Certificate of Deposit	Investors Cmnty Bk Manitowoc Wis	09/28/17	0.800%	248,000.00		249,381.36
Pro Equities	Certificate of Deposit	Lakeside Bk Chicago Ill	11/09/16	0.650%	249,000.00		248,952.69
Pro Equities	Certificate of Deposit	Medallion Bk Salt Lake City Utah CTF	09/16/19	1.750%	249,000.00		248,728.59
Pro Equities	Certificate of Deposit	Platinum Bk Brandon Fla CTF Dep Act/365	06/28/18	1.000%	248,000.00		244,213.04
Pro Equities	Certificate of Deposit	Privatebank & TC Chicago Ill CTF Dep	01/30/20	1.800%	247,000.00		247,474.24
Pro Equities	Certificate of Deposit	Safra Natl Bk New York NY	11/14/17	1.200%	249,000.00		248,671.32
Pro Equities	Certificate of Deposit	Sallie Mae Bk Murrah Utah CTF Dep Dtd	11/16/15	1.050%	248,000.00		248,248.00
Pro Equities	Certificate of Deposit	Synchrony Bk Retail CTF Dep Program Book	04/24/20	1.900%	247,000.00		244,952.37
Pro Equities	Government Securities	Federal Farm Cr Bks Cons Systemwide BDS	10/24/16	0.650%	500,000.00		500,030.00
Pro Equities	Government Securities	Federal Farm Cr Bks Cons Systemwide BDS	03/20/17	6.700%	500,000.00		499,755.00
Pro Equities	Government Securities	Federal Farm Cr Bks Cons Systemwide BDS	02/06/18	1.100%	500,000.00		500,055.00
Pro Equities	Government Securities	Federal Farm Cr Bks Cons Systemwide BDS	06/05/17	0.770%	500,000.00		500,030.00
Pro Equities	Government Securities	Federal Home Ln Bks Fixed Rate MC-9017	04/17/17	0.800%	500,000.00		500,035.00
Pro Equities	Government Securities	Federal Home Ln Bks Fixed Rate UM-9018	04/23/18	1.000%	500,000.00		498,920.00
	Total Pro Equities				8,459,753.87		8,456,240.78
	TOTAL GENERAL INVESTMENTS				14,839,181.63		14,835,668.54
UBS Financial Svcs	Cash				184,273.77		184,273.77
UBS Financial Svcs	Certificate of Deposit	Comenity Bank DE US	11/05/18	1.900%	100,000.00		99,205.00
UBS Financial Svcs	Certificate of Deposit	American Express F UT US	11/06/18	1.800%	90,000.00		89,782.20
UBS Financial Svcs	Government Securities	FHLB Bond	02/02/16	0.700%	95,065.58		95,193.80
UBS Financial Svcs	Government Securities	FNMA Bond	11/15/16	1.375%	97,939.84		97,936.05
UBS Financial Svcs	Government Securities	FHLMC Bond	07/28/17	1.000%	84,377.78		85,574.60
UBS Financial Svcs	Government Securities	FNMA NTS	12/20/17	0.875%	84,395.98		85,215.05
UBS Financial Svcs	Government Securities	Fannie Mae Bond	02/08/18	0.875%	99,530.36		100,153.00
	Total UBS Financial Svcs				835,583.31		837,333.47
	TOTAL INVESTMENTS HELD FOR ENDOWMENTS				835,583.31		837,333.47
Umpqua Bank	Money Market			0.100%	2,002,404.06		2,002,404.06
	Total Umpqua Bank				2,002,404.06		2,002,404.06
	TOTAL RESERVE INVESTMENT				2,002,404.06		2,002,404.06
	GRAND TOTAL				17,677,169.00		17,675,406.07
		<i>P. A. Maitland</i>					
		P. A. Maitland, Finance Director					