



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: February 3, 2016
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 that 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 that the City's funds are invested in a safe and prudent manner, and that such investments comply with City policy and state law. The Treasurer's Report is different from a budget report, as its purpose is to report on cash balances.

This report reflects the City's balances as of December 31, 2015 and shows that cash and investments held citywide, totaled \$20,873,904 million. All investments are in government securities, certificates of deposit, or other approved investment vehicles. The maturity dates are laddered, to ensure liquidity. All bank balances are insured.

Summary of Activity from the Quarter and Future Investments:

1. UBS investments were transferred to Pro Equities in October to increase efficiency, minimize risk and preserve liquidity. The Yount endowment funds are now held in a second investment account with Pro Equities.
2. In October, Pro Equities identified that the purchase of an 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.
3. 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.

4. A Freddie Mac note and a Fannie Mae note had matured in the former UBS investment account. These funds were held investment accounts capital reserves until the portfolio transferred to Pro Equities. These were then invested in a Federal Home Loan Mortgage non-callable bond at a 1.34% rate (maturity October 2019).
5. A Sallie Mae Bank CD at 1.050% matured in November. These funds were reinvested in a Federal Home Loan Mortgage non-callable bond at 1.426% (maturity August 2019).
6. An Ally Bank Midvale CD at .9% matured in December. These funds were reinvested in a newer issue Ally Bank Midvale CD at 1.6% (maturity December 2018).
7. A new investment in a Sallie Mae Bank CD endowment account of \$105,000 from the account's capital reserves in order to take advantage of a 2.2% interest rate offered.
8. The Local Agency Investment Fund interest rate increased to an average .400%.

Certain investment instruments in the portfolio continue to be called as a result of a recovering market where interest rates have improved over those offered when many of these callable instruments were purchased. Recall that 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. On the positive side, the funds can then be reinvested into higher interest yielding investments which are not subject to being called.

The average return on the City's portfolio for the reported quarter is 1.338% compared to the same quarter in the prior year of .927%.

FISCAL IMPACT

None.

ATTACHMENTS

1. Treasurer's report for the quarter ended December 31, 2015.

RESPECTFULLY SUBMITTED:

Patty Maitland

Patty Maitland
Finance Director

REVIEWED BY:

Ben Harvey

Ben Harvey
Interim City Manager

CITY OF PACIFIC GROVE TREASURER'S REPORT AS OF DECEMBER 31, 2015						
DEPOSITORY		DESCRIPTION OF SECURITY	MATURITY DATE	INTEREST RATE/YIELD	DOLLAR/PAR AMOUNT	MARKET VALUE
State of California	Local Agency Investment Fund (LAIF)		Immediate	0.400%	5,661,239.75	5,661,239.75
					5,661,239.75	5,661,239.75
Bank of America	Checking	Pooled Cash	Immediate	0.000%	3,926,662.81	3,926,662.81
					3,926,662.81	3,926,662.81
N/A	Petty Cash	General	Immediate	0.000%	685.00	685.00
					685.00	685.00
Pro Equities	Cash				122,194.95	122,194.95
Pro Equities	Certificate of Deposit	Ally Bank Midvale Utah	12/07/15	0.900%	248,000.00	246,395.44
Pro Equities	Certificate of Deposit	American Express Fed Svgs Bk Instl CTF	01/16/18	1.450%	158,000.00	157,285.84
Pro Equities	Certificate of Deposit	American Express Centurion Bk CTF	07/15/20	2.350%	247,000.00	247,444.60
Pro Equities	Certificate of Deposit	BMW Bk North Amer Salt Lake City Utah	06/19/20	2.100%	247,000.00	243,749.48
Pro Equities	Certificate of Deposit	Capital One Natl Assn Mclean VA CTF	01/16/18	1.350%	248,000.00	246,876.56
Pro Equities	Certificate of Deposit	Capital One Bk USA Natl Assn Glen Allen	11/09/19	2.000%	247,000.00	246,419.55
Pro Equities	Certificate of Deposit	Crescom Bk Myrtle Beach SC	01/25/18	0.950%	248,000.00	245,110.80
Pro Equities	Certificate of Deposit	Discover Bk Greenwood Del CTF	11/14/16	1.200%	248,000.00	248,734.08
Pro Equities	Certificate of Deposit	Eaglebank Bethesda Md	11/08/16	0.700%	249,000.00	248,706.18
Pro Equities	Certificate of Deposit	Everbank Jacksonville Fla	11/15/17	1.000%	248,000.00	246,078.00
Pro Equities	Certificate of Deposit	First Amern Bk Elk Grove	11/15/17	0.900%	249,000.00	250,354.56
Pro Equities	Certificate of Deposit	Firstbank P R Santurce	11/30/17	1.250%	249,000.00	250,170.30
Pro Equities	Certificate of Deposit	GE Cap Bk Retail CTF Dep Program Book	11/09/16	1.350%	248,000.00	249,046.56
Pro Equities	Certificate of Deposit	Goldman Sachs B USA New York	11/14/17	1.500%	248,000.00	248,344.72
Pro Equities	Certificate of Deposit	Investors Cmnty Bk Manitowoc Wis	09/28/17	0.800%	248,000.00	248,567.92
Pro Equities	Certificate of Deposit	Lakeside Bk Chicago Ill	11/09/16	0.650%	249,000.00	248,599.11
Pro Equities	Certificate of Deposit	Medallion Bk Salt Lake City Utah CTF	09/16/19	1.750%	249,000.00	248,086.17
Pro Equities	Certificate of Deposit	Platinum Bk Brandon Fla CTF Dep Act/365	06/28/18	1.000%	248,000.00	243,813.76
Pro Equities	Certificate of Deposit	Privatebank & TC Chicago Ill CTF Dep	01/30/20	1.800%	247,000.00	246,649.26
Pro Equities	Certificate of Deposit	Safra Natl Bk New York NY	11/14/17	1.200%	249,000.00	247,981.59
Pro Equities	Certificate of Deposit	Synchrony Bk Retail CTF Dep Program Book	04/24/20	1.900%	247,000.00	244,347.22
Pro Equities	Government Securities	Federal Farm Cr Bks Cons Systemwide BDS	03/20/17	6.700%	500,000.00	500,005.00
Pro Equities	Government Securities	Federal Farm Cr Bks Cons Systemwide BDS	06/05/17	0.770%	500,000.00	500,005.00
Pro Equities	Government Securities	Federal Home Ln Bks Fixed Rate MC-9017	04/17/17	0.800%	500,000.00	498,825.00
Pro Equities	Government Securities	Federal Natl Mtg Assn Benchmark	11/30/20	1.500%	500,000.00	491,115.00
Pro Equities	Government Securities	Federal Home Ln Mtg Corp Reference Nts	08/01/19	1.250%	250,000.00	247,220.00
Pro Equities	Government Securities	Federal Home Ln Mtg Corp Reference Nts	10/02/19	1.250%	1,000,000.00	986,370.00
Total Pro Equities-General					8,491,194.95	8,448,496.65
TOTAL GENERAL INVESTMENTS					18,079,782.51	18,037,084.21
Pro Equities	Cash				1,186.19	1,186.19
Pro Equities	Certificate of Deposit	American Express Fed Svgs Bk Instl Ctf	11/06/18	1.800%	90,000.00	89,555.40
Pro Equities	Certificate of Deposit	Sallie Mae Bk Ctf Dep Act/365	12/09/20	2.200%	105,000.00	104,085.45
Pro Equities	Government Securities	Federal Home Ln Bks Fixed Rate 4Y-9016	02/02/16	0.700%	95,000.00	95,039.90
Pro Equities	Government Securities	Federal Natl Mtg Assn Benchmark Note	11/15/16	1.375%	97,000.00	97,450.08
Pro Equities	Government Securities	Federal Natl Mtg Assn Fixed Rate	12/20/17	0.875%	85,000.00	84,592.00
Pro Equities	Government Securities	Federal Natl Mtg Assn Fixed Rate	02/08/18	0.875%	100,000.00	99,344.00
Pro Equities	Government Securities	Federal Home Ln Mtg Corp Reference Nts	07/28/17	1.000%	85,000.00	84,858.90
Pro Equities	Government Securities	Federal Home Ln Mtg Corp Reference Nts	10/02/19	1.250%	180,000.00	177,546.60
Total Pro Equities-Endowments					838,186.19	833,658.52
TOTAL INVESTMENTS HELD FOR ENDOWMENTS					838,186.19	833,658.52
Umpqua Bank	Money Market			0.100%	2,003,161.23	2,003,161.23
Total Umpqua Bank					2,003,161.23	2,003,161.23
TOTAL RESERVE INVESTMENT					2,003,161.23	2,003,161.23
GRAND TOTAL					20,921,129.93	20,873,903.96