



**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:** August 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 June 30, 2016 and shows that cash and investments held citywide, totaled \$22,521,788. 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. A 2-year Certificate of Deposit (CD) with Worlds Foremost Bk Sydney Neb was purchased on May 11, 2016 to further diversify the city's portfolio with non-callable CDs. The CD has a 1.1% yield which, while not the highest yielding instrument in the portfolio, picked up a .73% yield compared to the 2-year Treasury rate at that time.
2. On June 10, 2017, a Wells Fargo Bk NA Sioux Falls SD CD was purchased with a yield of 1.750%. This was a strategic investment in response to the federal interest rate being at an all-time low, with indicators that it would remain so for the foreseeable future. The City's focused investments in non-callable CDs have resulted in the lack of diverse instruments in which the City can invest (pursuant to State law and Council Policy). This CD had the dual benefit of being a high yield instrument as well as an institution with which the City had no other investments.
3. While the likelihood of the portfolio's remaining callable investments being called had diminished with the trend of the federal interest rate, the United Kingdom's successful referendum to exit the European Unit lead to an increase in currency value and resulted in the call

of the Federal Farm Cr Bks Cons Systemwide BDS on July 8, 2016 and the Federal Home Ln Bks Fixed Rate MC-9017 on July 14, 2016. A Federal Agric Mtg Corp Medium Term Note with a yield of 1.410% and a Federal Home Ln MTG Corp Medium Term note at 1.65% were purchased to replace the called bonds. Ultimately, the calling of the instruments and the subsequent replacement purchases are in higher yield investments that are non-callable. These investments will be reflected in the next quarter's report.

4. [A recent incident in the City of Placentia](#) prompted the Treasurer to review the current investment policy for ways in which to increase internal controls over investment decisions. A revised investment policy that designates the City Clerk as a required, joint approver of investments and wire transfers will be submitted to Council for adoption at its next meeting.

**Update from the prior quarter's report:** As noted in the last quarter's report, to ensure the Council received that report at its second April meeting, the LAIF interest rate stated was for the month of February 2016. The March 2016 LAIF was .506%. The LAIF rate on the attached report is for the June 2016 period.

While this quarter was anticipated to be relatively quiet regarding portfolio activity, events that affect international money markets and the domestic investment environment resulted in the above activity. However, as indicated in the overview of the transactions, the activity has had an overall positive effect on the City's portfolio. While there is still callable inventory in the portfolio, the City's focused investments in non-callable instruments has produced more stable and higher yielding investments.

The average return on the City's portfolio for the reported quarter is 1.204% compared to the same quarter in the prior year of 1.023%.

#### **FISCAL IMPACT**

None.

#### **ATTACHMENTS**

1. Treasurer's report for the quarter ended June 30, 2016.

RESPECTFULLY SUBMITTED:

*Patty Maitland*

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Patty Maitland  
Finance Director

REVIEWED BY:

*Jocelyn Francis*

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Jocelyn Francis  
City Manager Pro Tempore

DEPOSITORY	DESCRIPTION OF SECURITY		MATURITY DATE	INTEREST RATE/YIELD	DOLLAR/PAR AMOUNT	MARKET VALUE	
State of California	Local Agency Investment Fund (LAIF)		Immediate	0.576%	10,493,593.85	10,493,593.85	
					<b>10,493,593.85</b>	<b>10,493,593.85</b>	
Bank of America	Checking	Pooled Cash	Immediate	0.000%	522,474.49	522,474.49	
					<b>522,474.49</b>	<b>522,474.49</b>	
N/A	Petty Cash	General	Immediate	0.000%	685.00	685.00	
					<b>685.00</b>	<b>685.00</b>	
Pro Equities	Cash				3,040.93	3,040.93	
Pro Equities	Certificate of Deposit	Ally Bank Midvale Utah	12/03/18	1.600%	248,000.00	251,266.16	
Pro Equities	Certificate of Deposit	American Express Fed Svgs Bk Instl CTF	01/16/18	1.450%	158,000.00	159,292.44	
Pro Equities	Certificate of Deposit	American Express Centurion Bk CTF	07/15/20	2.350%	247,000.00	256,563.84	
Pro Equities	Certificate of Deposit	BMW Bk North Amer Salt Lake City Utah	06/19/20	2.100%	247,000.00	253,014.45	
Pro Equities	Certificate of Deposit	Capital One Natl Assn Mclean VA CTF	01/16/18	1.350%	248,000.00	249,654.16	
Pro Equities	Certificate of Deposit	Capital One Bk USA Natl Assn Glen Allen	11/09/19	2.000%	247,000.00	254,012.33	
Pro Equities	Certificate of Deposit	Crescom Bk Myrtle Beach SC	01/25/18	0.950%	248,000.00	248,064.48	Callable
Pro Equities	Certificate of Deposit	Discover Bk Greenwood Del CTF	11/14/16	1.200%	248,000.00	248,622.48	
Pro Equities	Certificate of Deposit	Eaglebank Bethesda Md	11/08/16	0.700%	249,000.00	249,169.32	
Pro Equities	Certificate of Deposit	Everbank Jacksonville Fla	11/15/17	1.000%	248,000.00	248,458.80	
Pro Equities	Certificate of Deposit	First Amern Bk Elk Grove	11/15/17	0.900%	249,000.00	249,124.50	
Pro Equities	Certificate of Deposit	Firstbank P R Santurce	11/30/17	1.250%	249,000.00	251,863.50	
Pro Equities	Certificate of Deposit	Goldman Sachs B USA New York	11/14/17	1.500%	248,000.00	250,130.32	
Pro Equities	Certificate of Deposit	Investors Cmnty Bk Manitowoc Wis	09/28/17	0.800%	248,000.00	247,928.08	
Pro Equities	Certificate of Deposit	Lakeside Bk Chicago Ill	11/09/16	0.650%	249,000.00	249,047.31	Callable
Pro Equities	Certificate of Deposit	Medallion Bk Salt Lake City Utah CTF	09/16/19	1.750%	249,000.00	255,404.28	
Pro Equities	Certificate of Deposit	Platinum Bk Brandon Fla CTF Dep Act/365	06/28/18	1.000%	248,000.00	247,990.08	Callable
Pro Equities	Certificate of Deposit	Privatebank & TC Chicago Ill CTF Dep	01/30/20	1.800%	247,000.00	254,899.06	
Pro Equities	Certificate of Deposit	Safra Natl Bk New York NY	11/14/17	1.200%	249,000.00	249,191.73	Callable
Pro Equities	Certificate of Deposit	Synchrony Bk Retail CTF Dep Program Book	04/24/20	1.900%	247,000.00	253,281.21	
Pro Equities	Government Securities	Federal Farm Cr Bks Cons Systemwide BDS	03/20/17	0.670%	500,000.00	500,015.00	Callable
Pro Equities	Government Securities	Federal Farm Cr Bks Cons Systemwide BDS	06/05/17	0.770%	500,000.00	500,040.00	Called 7/8/16
Pro Equities	Government Securities	Federal Home Ln Bks Fixed Rate MC-9017	04/17/17	0.800%	500,000.00	500,020.00	Called 7/14/16
Pro Equities	Government Securities	Wells Fargo BK N A Sioux Falls SD	06/17/21	1.750%	249,000.00	249,677.28	
Pro Equities	Government Securities	Worlds Foremost BK Sydney NEB CTF DEP	05/18/18	1.100%	200,000.00	200,198.00	
Pro Equities	Government Securities	Federal Natl Mtg Assn Benchmark	11/30/20	1.500%	500,000.00	508,480.00	
Pro Equities	Government Securities	Federal Home Ln Mtg Corp Reference Nts	08/01/19	1.250%	250,000.00	253,067.50	
Pro Equities	Government Securities	Federal Home Ln Mtg Corp Reference Nts	10/02/19	1.250%	1,000,000.00	1,011,880.00	
<b>Total Pro Equities-General</b>					<b>8,573,040.93</b>	<b>8,653,397.24</b>	
<b>TOTAL GENERAL INVESTMENTS</b>					<b>19,589,794.27</b>	<b>19,670,150.58</b>	
Pro Equities	Cash				371.88	371.88	
Pro Equities	Certificate of Deposit	American Express Fed Svgs Bk Instl Ctf	11/06/18	1.800%	90,000.00	91,218.60	
Pro Equities	Certificate of Deposit	Sallie Mae Bk Ctf Dep Act/365	12/09/20	2.200%	105,000.00	108,416.70	
Pro Equities	Government Securities	Federal Agric Mtf Corp Medium Term Nts	01/25/21	1.550%	95,000.00	96,570.35	
Pro Equities	Government Securities	Federal Natl Mtg Assn Benchmark Note	11/15/16	1.375%	97,000.00	97,334.65	
Pro Equities	Government Securities	Federal Natl Mtg Assn Fixed Rate	12/20/17	0.875%	85,000.00	85,300.05	
Pro Equities	Government Securities	Federal Natl Mtg Assn Fixed Rate	02/08/18	0.875%	100,000.00	100,510.00	
Pro Equities	Government Securities	Federal Home Ln Mtg Corp Reference Nts	07/28/17	1.000%	85,000.00	85,363.80	
Pro Equities	Government Securities	Federal Home Ln Mtg Corp Reference Nts	10/02/19	1.250%	180,000.00	182,138.40	
<b>Total Pro Equities-Endowments</b>					<b>837,371.88</b>	<b>847,224.43</b>	
<b>TOTAL INVESTMENTS HELD FOR ENDOWMENTS</b>					<b>837,371.88</b>	<b>847,224.43</b>	
Umpqua Bank	Money Market			0.100%	2,004,412.84	2,004,412.84	
<b>Total Umpqua Bank</b>					<b>2,004,412.84</b>	<b>2,004,412.84</b>	
<b>TOTAL RESERVE INVESTMENT</b>					<b>2,004,412.84</b>	<b>2,004,412.84</b>	
<b>GRAND TOTAL</b>					<b>22,431,578.99</b>	<b>22,521,787.85</b>	