



MEMORANDUM

Agenda Item #: 13
Meeting Date: January 22, 2019

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: VICTORIA A. LOZZI, CITY TREASURER /s/
SUBJECT: QUARTERLY REPORT OF CASH & INVESTMENTS – DECEMBER 31, 2018
DATE: JANUARY 22, 2019

ISSUE/PURPOSE

Acceptance and discussion of the quarterly report of cash and investments as of December 31, 2018, the second quarter of FY18-19.

BACKGROUND

Created in coordination with the City Finance Department, this quarterly report provides the following:

- A status update by the City Treasurer on the condition of the City's cash and investments
- A display of the current asset mix of all cash and investments

The quarterly report of cash and investments is posted to the City's website.

DISCUSSION

As of December 31, 2018, yields are slightly higher than the prior quarter as the Federal Reserve continued its gradual pace of tightening. An anticipated rate hike by the Federal Reserve occurred in December, with the short-term Fed Funds rate increasing 0.25%, to 2.50%. The Fed now projects only "some" further gradual increases will be needed to achieve their goals. That likely means one or two hikes in 2019.

The City's yield for its Federal Obligations and Certificates of Deposit (CDs) is 2.13%. On a cost basis of \$15,148,000 (market value \$14,895,464) estimated annual income is \$317,525. The available cash balance of \$964,615 is held in Demand Deposit Accounts at Union Bank. Pooled Investments consist of \$6,699,036 held by the Local Agency Investment Fund (LAIF), at an interest rate of 2.30%, and \$1,030,533 held by the L.A. County Pooled Investment Fund (LACPIF), at an

interest rate of 2.06%. The City's money remains secure and cannot be accessed by the State or the federal government.

The City's December 2018 investment account statement, provided by our custodian Union Bank, shows a market value of \$14,895,464 and an unrealized loss of \$252,536. Since the City typically holds its investments to maturity, full-face (par) value is received, and no realized gain/(loss) of funds is expected.

Investments have maturity dates ranging from 2019 to 2023. In the second quarter of FY18-19, there were six maturities totaling \$1,490,000 and 4 purchases totaling \$1,000,000. Interest received for the quarter was \$110,775. The City Treasurer will update the Council on any subsequent period investment activity in her oral presentation.

FISCAL IMPACT

There is no fiscal impact associated with this report. This report is for the City Council to receive and file.

NOTIFICATION

The Quarterly Report of Cash and Investments has been posted and noticed consistent with the City's requirements.

ALTERNATIVES

The alternatives available to the City Council include:

1. Receive and file the report.
2. Request additional information.

CONCLUSION

In conclusion, the current level of investments can accommodate cash needs, and can support additional investments as we remain ever attentive to changing trends in the marketplace/economy.

As Treasurer for the City of Palos Verdes Estates, I certify that the investments of the City comply with the City's current Investment Policy. Furthermore, I certify that the City is able to meet its expenditure requirements for the next six months.

Victoria A. Lozzi, City Treasurer

ATTACHMENTS:

- A. Report of Cash and Investments – 12/31/2018

Cash and Investment Data

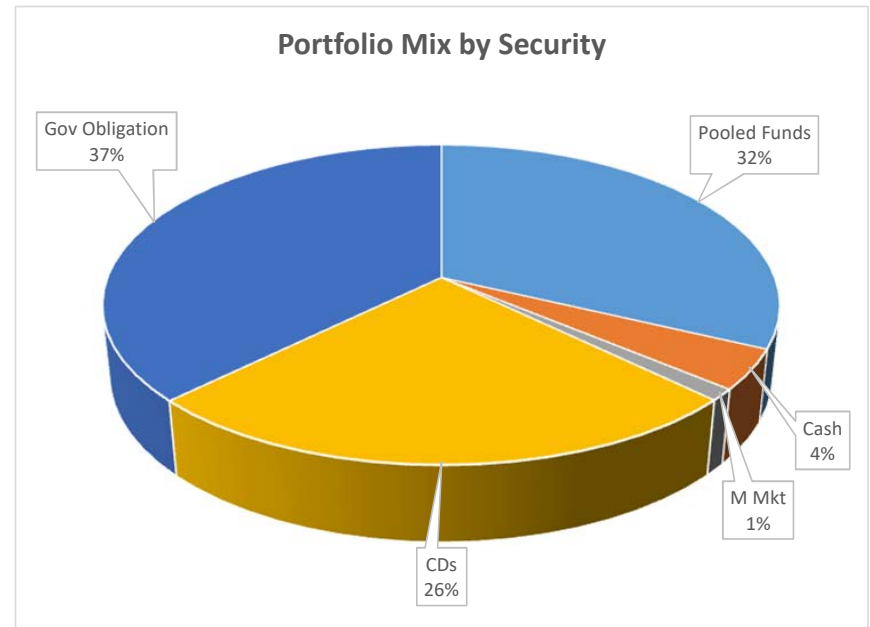
Investment Type/Institution	Par Value	Book Value	Market Value*	Unrealized Gain/Loss	Maturity Date	Current Yield	Maturing Schedule (Book Value)						
							< 3 Mths	3-6 Mths	6-12 Mths	1-2 Yrs	2-3 Yrs	3-4 Yrs	> 4 Yrs
Government Obligation													
FHLB	1,000,000	1,000,000	987,520	(12,480)	12/15/2020	2.08%				\$ 1,000,000			
FNMA	1,000,000	1,000,000	1,000,120	120	4/30/2021	2.70%					\$ 1,000,000		
FNMA	1,000,000	1,000,000	980,210	(19,790)	6/16/2021	1.84%					\$ 1,000,000		
FHLB	1,000,000	1,000,000	975,180	(24,820)	6/30/2021	1.54%					\$ 1,000,000		
FNMA	1,000,000	1,000,000	971,480	(28,520)	7/27/2021	1.54%					\$ 1,000,000		
FNMA	1,000,000	1,000,000	970,410	(29,590)	9/29/2021	1.65%					\$ 1,000,000		
FHLB	2,000,000	2,000,000	1,957,040	(42,960)	11/26/2021	1.84%					\$ 2,000,000		
FHLMC	1,000,000	1,000,000	1,000,020	20	2/23/2023	2.75%							\$ 1,000,000
Negotiable Certificate of Deposit													
American Express	245,000	245,000	244,216	(784)	7/24/2019	2.01%			\$ 245,000				
Comenity Capital	245,000	245,000	244,162	(838)	8/30/2019	1.96%			\$ 245,000				
Ally Bank	250,000	250,000	248,313	(1,687)	9/30/2019	1.71%			\$ 250,000				
Capital One Bank	245,000	245,000	243,834	(1,166)	11/5/2019	2.01%			\$ 245,000				
Morgan Stanley	250,000	250,000	248,513	(1,487)	12/23/2019	2.11%			\$ 250,000				
Citibank	250,000	250,000	249,058	(942)	3/30/2020	2.51%				\$ 250,000			
Morgan Stanley Private Bank	250,000	250,000	249,402	(598)	4/27/2020	2.66%				\$ 250,000			
BMO Harris	250,000	250,000	249,770	(230)	6/1/2020	2.80%				\$ 250,000			
Capital One NA	245,000	245,000	242,567	(2,433)	8/12/2020	2.32%				\$ 245,000			
Barclays Bank	245,000	245,000	242,104	(2,896)	9/16/2020	2.23%				\$ 245,000			
Goldman Sachs Bank	250,000	250,000	245,470	(4,530)	9/28/2020	1.94%				\$ 250,000			
Compass Bank	250,000	250,000	250,298	298	12/4/2020	3.10%				\$ 250,000			
MB Financial	250,000	250,000	247,720	(2,280)	4/26/2021	2.72%					\$ 250,000		
Merrick Bank	250,000	250,000	247,715	(2,285)	4/27/2021	2.72%					\$ 250,000		
World's Foremost Bank	200,000	200,000	192,844	(7,156)	6/9/2021	1.76%					\$ 200,000		
Wells Fargo Bank	245,000	245,000	236,146	(8,854)	6/17/2021	1.82%					\$ 245,000		
APEX Bank	247,000	247,000	236,137	(10,863)	9/30/2021	1.57%					\$ 247,000		
JPMorgan Chase	246,000	246,000	235,001	(10,999)	9/30/2021	1.78%					\$ 246,000		
Discover Bank	245,000	245,000	233,502	(11,498)	11/9/2021	1.84%					\$ 245,000		
Vision Bank	245,000	245,000	235,198	(9,802)	11/30/2021	1.82%					\$ 245,000		
Third Federal S&L	250,000	250,000	244,675	(5,325)	1/31/2022	2.55%						\$ 250,000	
People's United Bank	245,000	245,000	236,472	(8,528)	2/8/2022	2.12%						\$ 245,000	
UBS Bank	250,000	250,000	249,417	(583)	11/7/2022	3.36%						\$ 250,000	
Medallion Bank	250,000	250,000	249,685	(315)	12/7/2022	3.40%						\$ 250,000	
State Bank of India	250,000	250,000	251,265	1,265	12/12/2023	3.68%							\$ 250,000
Total Investments	\$ 15,148,000	\$ 15,148,000	\$ 14,895,464	(252,536)		2.13%	\$ -	\$ -	\$ 1,235,000	\$ 2,740,000	\$ 8,928,000	\$ 995,000	\$ 1,250,000

Pooled Investment Funds	7,729,569												
LAIF	6,699,036												
L.A. County Pooled Inv. Fund	1,030,533												
Cash	1,251,146												
Union Bank Money Market	279,076												
Union Bank Checking	964,615												
Parking Citation	7,455												
Total Investment	15,148,000												
Government Obligation	9,000,000												
Negotiable Certificate of Deposit	6,148,000												
Total Cash & Investments:	24,128,715												

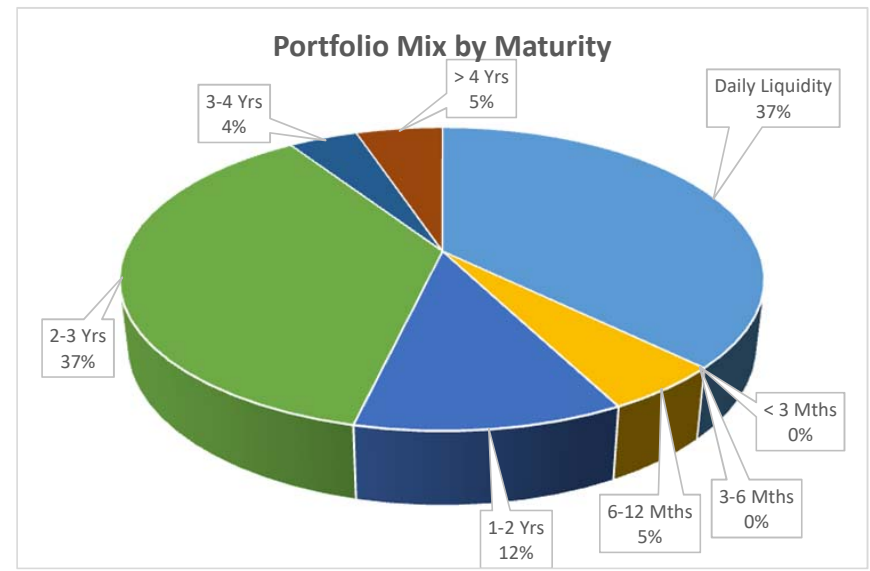
Average Years to Maturity	2.63
Weighted Average Years to Maturity	2.51

* Source: Union Bank

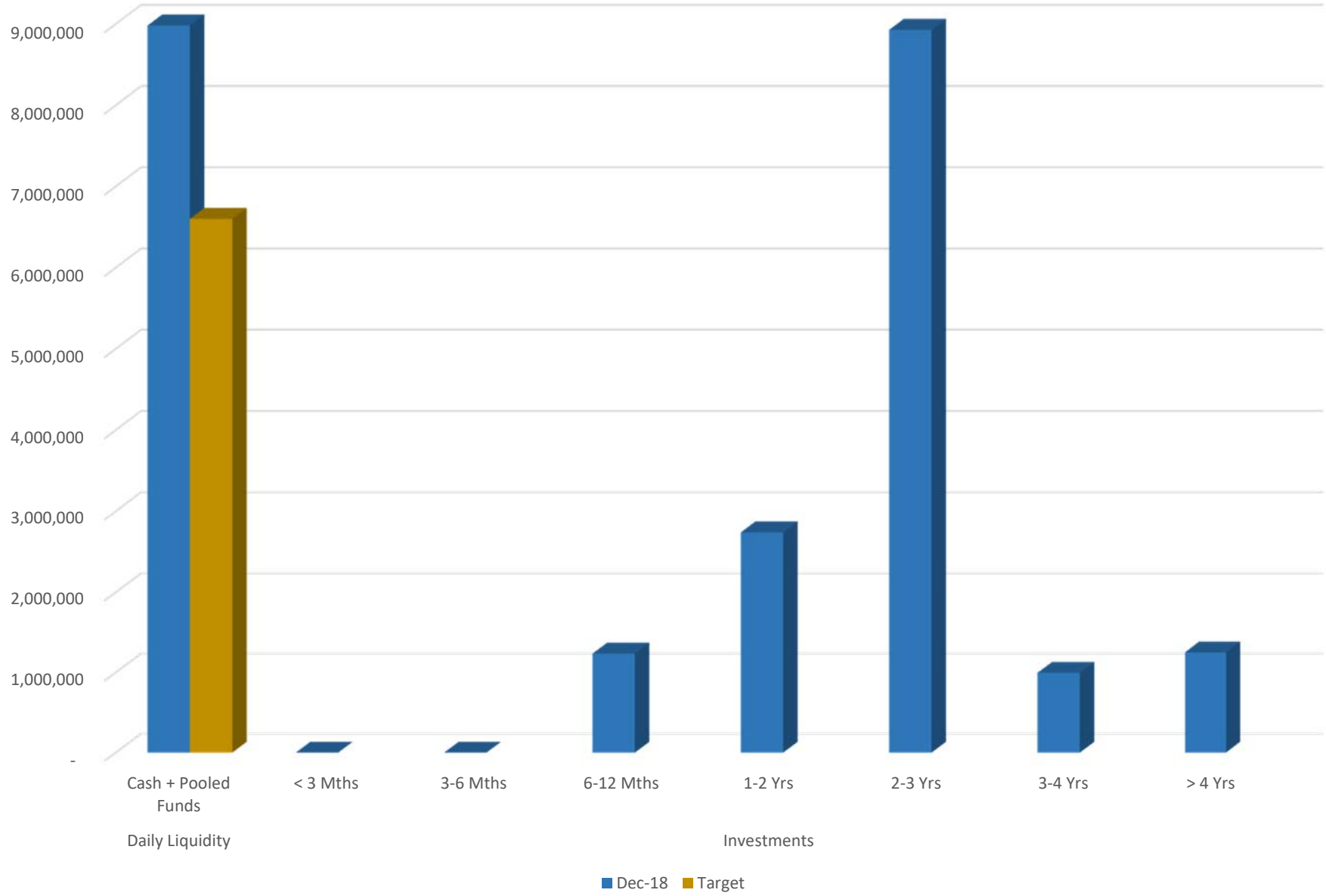
Category	Book Value	Mix %	Policy Limits
Pooled Funds	7,729,569	32.0%	100%
Cash	972,070	4.0%	100%
M Mkt	279,076	1.2%	100%
CDs	6,148,000	25.5%	30%
Gov Obligation	9,000,000	37.3%	100%
Total	24,128,715	100.0%	



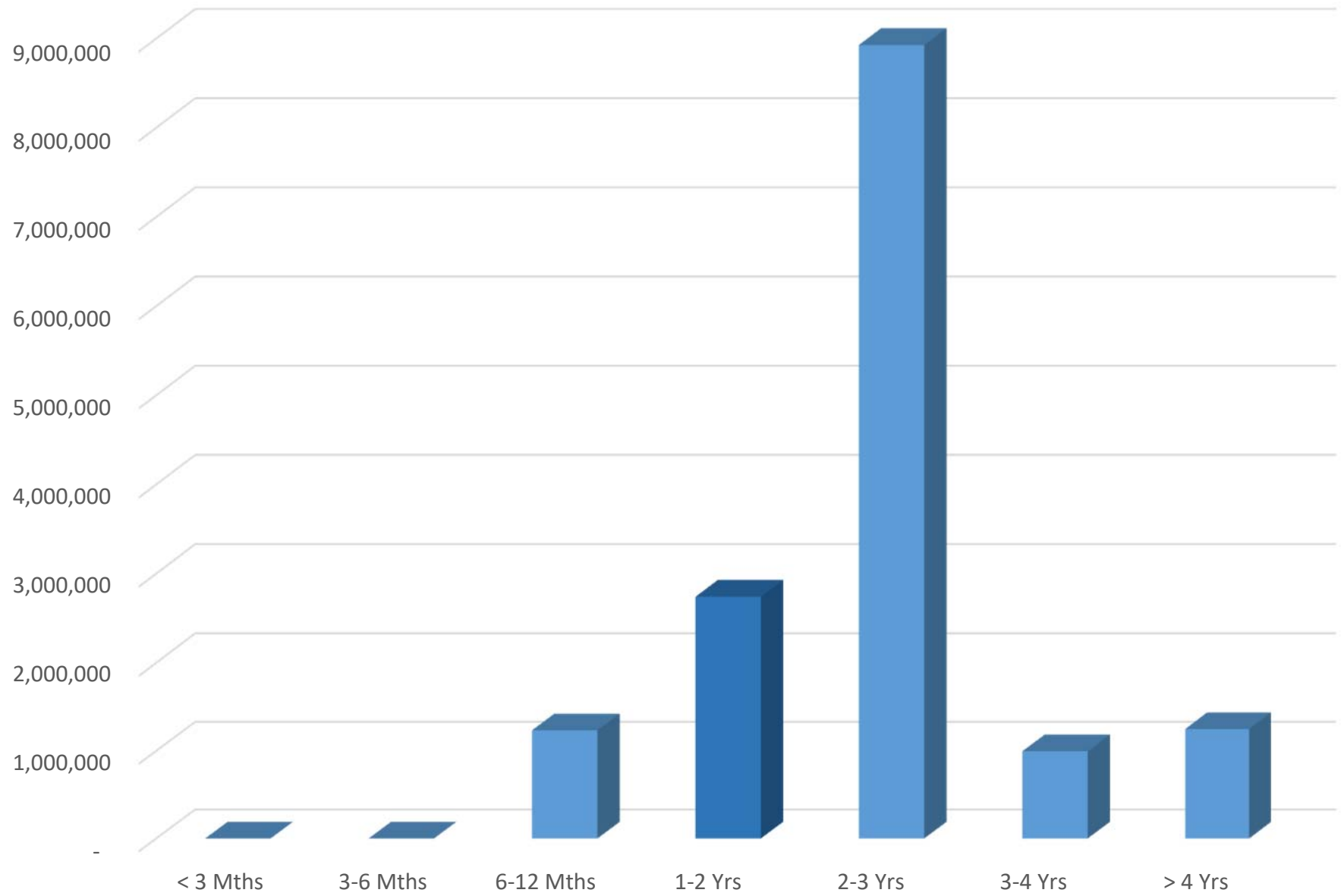
Category	Book Value	Mix %
Daily Liquidity	8,980,715	37.2%
< 3 Mths	-	0.0%
3-6 Mths	-	0.0%
6-12 Mths	1,235,000	5.1%
1-2 Yrs	2,740,000	11.4%
2-3 Yrs	8,928,000	37.0%
3-4 Yrs	995,000	4.1%
> 4 Yrs	1,250,000	5.2%
Total	24,128,715	100.0%



Cash & Investments by Maturity



Investments by Matutiry



Transaction Summary: 2Q2018-19	
	Cash
Receipts	
Interest	110,774.90
Sales/Maturities/Calls	1,490,000.00
Deposits	1,000,000.00
Total Reciepts	2,600,774.90
Disbursements	
Purchases	(1,000,000.00)
Transfer to Checking	(1,600,774.90)
Total Disbursments	(2,600,774.90)
Total Net Transactions	0.00