

# City of Lompoc

## Quarterly Investment Report



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June 30, 2019



# *Quarterly Investment Report*

## *As of June 30, 2019*

### ***Quarterly Reporting***

This report presents the City's investment portfolio for the quarter ending June 30, 2019. The report includes all investments managed by the City and on behalf of the City by fiscal agents. As required by the City's Investment Policy, the report provides information on the investment type, issuer, purchase date, maturity date, cost, par value, and market value for each security. This report also provides the portfolio yield based on cost and the weighted average days to maturity.

The investment objectives of the City of Lompoc are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet current operating requirements; and third, to earn a rate of return consistent with the constraints imposed by the safety and liquidity objectives.

The City follows the practice of pooling cash and investments for all funds. Interest earned on pooled cash and investments are allocated monthly to the various funds based on the respective fund's cash balance. Interest earned from cash and investments with fiscal agents is credited directly to the related accounts. It is common for governments, and is provided for in the City's Investment Policy, to pool cash and investments of various funds to improve investment performance. By pooling funds, the city is able to benefit from economies of scale, diversification, liquidity, and ease of administration.

Short-term cash is primarily invested in the Local Agency Investment Fund (LAIF) administered by the Treasurer of the State of California.

All investments of the City are held in a safekeeping or custodial account with US Bank. US Bank also provides the City, on a monthly basis, the valuation of all held securities to help the City determine the current market value. In some cases, the market value may be greater than or less than the recorded value. These changes in valuation have no effect on the City's effective yield, since the securities are intended to be held to maturity. These changes will impact the total value of the portfolio, and are required to be reported in accordance with generally accepted accounting principles.

### ***Investment Reporting***

The City investment objectives are governed by State law and by the City's adopted Investment Policy. This report provides information regarding the City's investments and investment return in accordance with the Investment Policy.

The following affirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of June 30, 2019 is in compliance with the City's Statement of Investment Policy; and (2) there are sufficient funds available to meet the City's expenditure requirements for the next six months.

The City has historically provided two investment reports to the Council in compliance with the City's Investment Policy. The first is the "Treasurer's Accountability Report" and the second is the "Cash Balance" report. The two reports have been prepared monthly and will continue to be prepared and distributed upon the completion of the cash reconciliation process each month. This Quarterly Investment Report is in addition to the two monthly reports and provides information to the user regarding the investment activities during the previous quarter for the City's investment pool.

# Quarterly Investment Report

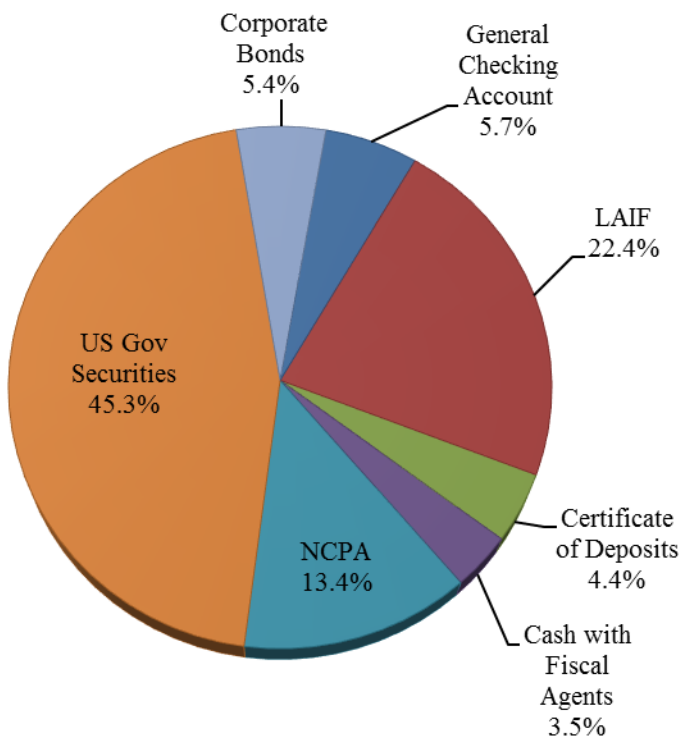
## As of June 30, 2019

### Current Portfolio Summary

Type of Investments	Percent of Portfolio	Yield	Book Value	Market Value
City Held Cash & Bank of America - Checking Account	7.5%	0.25%	\$ 7,487,703	\$ 7,487,703
Local Agency Investment Fund (LAIF), Ca. State Treasurer	30.8%	2.57%	30,655,817	30,708,294
Certificate of Deposits	3.0%	2.45%	3,000,000	3,016,450
Cash with Fiscal Agents - Other	3.0%	1.55%	3,010,203	3,010,203
Cash with Fiscal Agents - Northern California Power Agency (NCPA)	12.8%	1.88%	12,703,056	12,703,056
US Government Securities	37.8%	1.93%	37,580,000	37,529,164
Corporate Bonds	5.0%	2.50%	5,000,000	5,051,810
<b>Total City Investments</b>	<b>100%</b>	<b>2.03%</b>	<b>\$ 99,436,779</b>	<b>\$ 99,506,679</b>

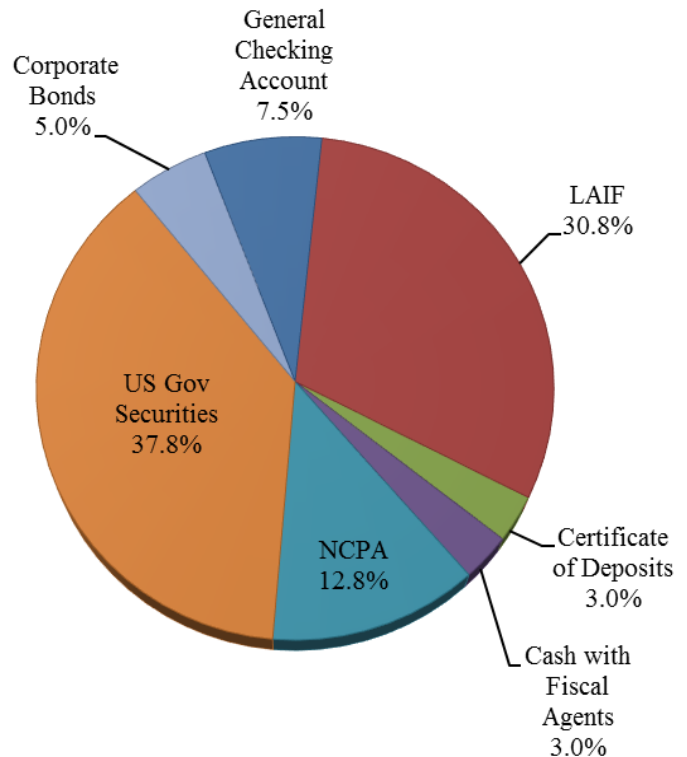
### Percentage of Portfolio by Type - Year Over Year

#### June 30, 2018



Total City Investments \$91,850,822

#### June 30, 2019



Total City Investments \$99,436,779

# Quarterly Investment Report

## As of June 30, 2019

### City Cash & General Checking

<u>Cash Bank Accounts</u>	<u>Rate</u>	<u>Book Value</u>	<u>Market Value</u>
Petty Cash	0.00%	\$ 4,785	\$ 4,785
Bank of America	0.25%	7,482,918	7,482,918
<b>Total Cash</b>	<b>0.25%</b>	<b>\$ 7,487,703</b>	<b>\$ 7,487,703</b>

### Local Agency Investment Fund

<u>California Treasurer</u>	<u>Rate</u>	<u>Book Value</u>	<u>Market Value</u>
Local Agency Investment Fund	2.57%	\$ 30,655,817	\$ 30,708,294
<b>Total LAIF</b>	<b>2.57%</b>	<b>\$ 30,655,817</b>	<b>\$ 30,708,294</b>

### Certificate of Deposits

<u>Bank</u>	<u>Rate</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
Barclays Bank of Delaware	2.10%	7/23/2014	7/23/2019	\$ 250,000	\$ 250,000	\$ 249,950
BMW Bank North America	2.25%	7/17/2015	7/17/2020	250,000	250,000	250,060
Capital One Bank National Assn.	2.25%	9/30/2015	9/30/2020	250,000	250,000	250,205
Everbank	2.00%	9/30/2015	9/30/2020	250,000	250,000	249,433
Goldman Sachs Bank USA New York	2.05%	7/23/2014	7/23/2019	250,000	250,000	249,943
HSBC Bank USA	3.10%	11/17/2015	11/17/2020	250,000	250,000	252,808
JP Morgan Chase	1.70%	10/19/2016	10/19/2021	250,000	250,000	245,745
Morgan Stanley	2.65%	1/11/2018	1/11/2023	250,000	250,000	251,958
Morgan Stanley Pvt Bank	3.55%	11/8/2018	11/8/2023	250,000	250,000	259,115
State Bank of India	2.25%	1/26/2017	1/26/2022	250,000	250,000	250,078
Synchrony Bank	2.05%	6/12/2015	6/12/2020	250,000	250,000	249,440
Wells Fargo	3.50%	11/9/2018	11/9/2023	250,000	250,000	257,718
<b>Total Certificate of Deposits</b>	<b>2.45%</b>			<b>\$ 3,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ 3,016,450</b>

### Cash with Fiscal Agents - Other

<u>Description</u>	<u>Rate</u>	<u>Book Value</u>	<u>Market Value</u>
* Deutsche Bank Fleet - Lease Purchase Fund	1.99%	\$ 334,037	\$ 334,037
* Bank of America - Public Capital Corp	1.49%	1,260,150	1,260,150
* US Bank - Bond Reserve Account	1.51%	1,416,016	1,416,016
<b>Total Cash with Fiscal Agent - Other</b>	<b>1.55%</b>	<b>\$ 3,010,203</b>	<b>\$ 3,010,203</b>

# Quarterly Investment Report

## As of June 30, 2019

### Cash with Fiscal Agent - Northern California Power Agency

NCPA	Rate	Book Value	Market Value
* General Operating Reserves	1.88%	\$ 12,207,609	\$ 12,207,609
* Restricted Security Account	1.88%	495,447	495,447
<b>Total Cash with Fiscal Agent - Northern California Power Agency</b>	<b>1.88%</b>	<b>\$ 12,703,056</b>	<b>\$ 12,703,056</b>

### US Government Securities

Security Description	Rate	Purchase Date	Maturity Date	Par Value	Book Value	Market Value
FHLMC - Freddie Mac Step Up (8/2019 2.00%)	1.50%	2/26/2016	2/26/2021	\$ 2,000,000	\$ 2,000,000	\$ 1,997,680
FHLMC - Freddie Mac Step Up (8/2019 2.00%)	1.50%	8/29/2016	8/25/2021	2,000,000	2,000,000	1,996,580
FHLMC - Freddie Mac 4yr	1.50%	8/25/2016	8/25/2020	2,000,000	2,000,000	1,987,500
FHLMC - Freddie Mac 5yr	1.65%	9/29/2016	9/29/2021	1,830,000	1,830,000	1,821,509
FHLMC - Freddie Mac	1.65%	11/30/2016	11/24/2021	2,750,000	2,750,000	2,736,745
FHLMC - Freddie Mac 5yr	1.68%	8/25/2016	8/25/2021	2,000,000	2,000,000	1,980,480
FNMA - Fannie Mae	1.75%	11/25/2015	11/25/2020	1,000,000	1,000,000	995,000
FNMA - Fannie Mae	2.00%	1/20/2017	1/5/2022	2,000,000	2,000,000	2,010,500
FNMA - Fannie Mae	1.55%	10/28/2016	10/28/2021	3,000,000	3,000,000	2,983,920
FFCB - Federal Farm Credit Bank	1.54%	6/14/2016	12/14/2020	2,000,000	2,000,000	1,982,440
FFCB - Federal Farm Credit Bank	1.67%	6/14/2016	6/14/2021	2,000,000	2,000,000	1,994,260
FFCB - Federal Farm Credit Bank	2.00%	12/1/2016	6/1/2021	2,000,000	2,000,000	2,000,020
FFCB - Federal Farm Credit Bank	2.01%	12/8/2016	12/8/2021	2,000,000	2,000,000	2,007,060
FHLB - Federal Home Loan Bank	1.54%	10/6/2016	10/6/2021	3,000,000	3,000,000	2,978,550
FHLB - Federal Home Loan Bank	1.70%	11/23/2016	11/23/2021	2,000,000	2,000,000	1,992,900
FHLB - Federal Home Loan Bank (Bullet)	1.83%	7/20/2015	7/29/2020	2,000,000	2,000,000	1,996,140
FHLB - Federal Home Loan Bank (Bullet)	2.38%	1/8/2018	9/8/2023	3,000,000	3,000,000	3,064,620
FFCB - Federal Farm Credit Bank	3.34%	10/23/2018	10/4/2023	1,000,000	1,000,000	1,003,260
<b>Total Government Securities</b>	<b>1.93%</b>			<b>\$ 37,580,000</b>	<b>\$ 37,580,000</b>	<b>\$ 37,529,164</b>

### Corporate Bonds

Security Description	Rate	Purchase Date	Maturity Date	Par Value	Book Value	Market Value
Toyota Motor Credit Corp.	2.60%	1/24/2017	1/24/2022	\$ 2,000,000	\$ 2,000,000	\$ 2,020,920
Apple Inc.	2.50%	2/17/2017	2/9/2022	2,000,000	2,000,000	2,024,040
Apple Inc.	2.30%	5/12/2017	5/11/2022	1,000,000	1,000,000	1,006,850
	<b>2.50%</b>			<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 5,051,810</b>

# Quarterly Investment Report

## As of June 30, 2019

### Investment Activity

	Purchase/Call	Maturity	Par	Book	Market	
Sales/Redemptions	Rate	Date	Date	Value	Value	
FHLB - Federal Home Loan Bank	3.55%	11/21/2018	5/21/2019	\$ 1,500,000	\$ 1,500,000	\$ -
FFCB - Federal Farm Credit Bank	2.94%	2/15/2018	5/22/2019	1,000,000	1,000,000	-
<b>Total Sales/Redemption</b>	<b>3.31%</b>			<b>\$ 2,500,000</b>	<b>\$ 2,500,000</b>	<b>\$ -</b>

### Summary Information

Years to Maturity	Percent of Portfolio	Book Value
On demand	23.3%	\$ 23,200,961
Within One Year	31.6%	31,405,817
One to Two Years	14.1%	14,000,000
Two to Three Years	26.2%	26,080,000
Three to Four Years	0.3%	250,000
Four to Five Years	4.5%	4,500,000
<b>Total City Investments</b>		<b>\$ 99,436,779</b>
<b>Estimate Annually Interest</b>		<b>\$ 2,016,801</b>
<b>Weighted Average Years to Maturity</b>		<b>1.35</b>

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of June 30, 2019 is in compliance with the City's Statement of Investment Policy; and (2) there are sufficient funds available to meet the City's expenditure requirements for the next six months. City funds currently under the management of fiscal agents are indicated above with an "\*".



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Dean Albro, Management Service Director

9/5/19

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Date