



EAST VALLEY WATER DISTRICT
LEADERSHIP • PARTNERSHIP • STEWARDSHIP

BOARD AGENDA STAFF REPORT

Agenda Item #5.d.
Meeting Date: October 25, 2017
Discussion Item

To: Governing Board Members
From: General Manager/CEO

Subject: Approve Investment Report for Quarter Ended September 30, 2017

RECOMMENDATION:

Staff recommends that the Board of Directors accept and file the attached Investment Report for the quarter ended, September 30, 2017.

BACKGROUND / ANALYSIS:

California Government Code §53646(b) requires the Treasurer or CFO of a local agency to submit a quarterly report on the agency's investments to the legislative body of the agency within 30 days of the end of each quarter.

Discussion

The attached Investment Report shows all of the District's cash and investments, restricted and unrestricted, as of September 30, 2017. Attachment A presents the investment securities purchased and retired during the quarter July to September 2017. Increases and decreases in highly liquid funds, such as LAIF, are explained in the narrative below.

Unrestricted Investments

LAIF

The balance held in the Local Agency Investment Fund at the beginning of the quarter was \$12,117,503. Interest earned during the previous quarter of \$27,905 was posted to the account in July, and staff initiated on transfer of funds into LAIF of \$800,000, resulting in a balance at the end of the quarter of \$12,945,407.

LAIF earnings for the quarter ended September 30, 2017 were \$32,919, calculated at an apportionment rate of 1.07%; up from 0.92% which had been in effect for the previous quarter. The earnings were posted to the District's account on October 13, 2017.

Citizen's Business Bank (CBB) Wealth Management

The total (book) value of the assets held with CBB increased \$12,913 to \$5,612,479 during the quarter ended September 30, 2017. The balance in this account is held both in a money market account (\$212,951) and in a \$5,399,528 portfolio of Treasury and federal agency securities shown on Attachment A.

Net interest payments received on securities in the District's portfolio were \$16,166 and funds held in money market accounts earned \$679. Earnings were reduced by a \$1,830 amortization charge against discounts taken on the

acquisition of certain bonds.

Investment manager fees paid during the quarter were \$2,102.

There were no District transfers to or from this investment account during the quarter.

The following schedule summarizes the activity for Unrestricted Investments during the Quarter ended September 30, 2017:

<u>Account</u>	<u>Beg Bal</u>	<u>Deposits/ (Withdrawals)</u>	<u>Earnings</u>	<u>Fees</u>	<u>Disc / Prem Amortization</u>	<u>Ending Balance</u>
LAIF	\$12,117,502	\$ 800,000	\$ 27,905	\$ -	\$ -	\$12,945,407
CBB Wealth Mgt	5,599,566	-	16,845	(2,102)	(1,830)	5,612,479

Restricted Investments

Trust accounts with Union Bank are used to safeguard funds which are restricted by bond covenants. The accounts remaining open as of September 30, 2017, are used to receive District deposits, from which the Trustee (Union Bank) pays District bondholders.

The next semiannual bond payments are on October 1st, therefore, the District made deposits to the Revenue funds at the end of September to cover the payments. These deposits make of the balances held at Union Bank as of September 30, 2017.

Summary Schedule of Union Bank Trustee Accounts

The following schedule summarizes activity in the Union Bank accounts for the Quarter ended September 30, 2017:

<u>2010 Accounts</u>	<u>Beg Bal</u>	<u>District Deposits</u>	<u>Earnings</u>	<u>Transfers</u>	<u>Withdrawals/ Payments</u>	<u>Ending Balance</u>
Revenue Fd	\$ -	\$ 2,027,784	\$ -	\$ -	\$ -	\$ 2,027,784
Interest Acct	22	-	-	-	-	22

<u>2013 Accounts</u>	<u>Beg Bal</u>	<u>District Deposits</u>	<u>Earnings</u>	<u>Transfers</u>	<u>Withdrawals/ Payments</u>	<u>Ending Balance</u>
Revenue Fd	-	292,549	-	-	-	292,549
Interest Acct	11	-	-	-	-	11

AGENCY IDEALS AND ENDEAVORS:

Ideals and Endeavor II - Maintain An Environment Committed To Elevated Public Service

(E) - Practice transparent and accountable fiscal management

FISCAL IMPACT

There is no fiscal impact associated with this agenda item.

Recommended by:

John Mura
General Manager/CEO

Respectfully submitted:

Brian Tompkins
Chief Financial Officer

ATTACHMENTS:

Description

Investment Report for the Quarter Ended Sept 30, 2017
Attachment A - CBB Investment Activity Report for the
Quarter Ended Sept 30, 2017

Type

Backup Material
Backup Material

**EAST VALLEY WATER DISTRICT
INVESTMENT REPORT
QUARTER ENDED
September 30, 2017**

		<u>Funds Managed By</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Source of Valuation</u>
Funds Held by EVWD									
Cashiers change fund		District	N/A	N/A	N/A	750.00	750.00	750.00	N/A
Petty Cash / Kiosk Cash		District	N/A	N/A	N/A	5,000.00	5,000.00	5,000.00	N/A
Checking account	Citizens Business Bank	District	N/A	N/A	N/A	579,311.34	579,311.34	579,311.34	N/A
Funds Held by EVWD Under Management of an Outside Party									
Local Agency Investment Fund - Undesignated		State of California	N/A	N/A	1.070%	12,945,407.46	12,945,407.46	12,945,407.46	LAIF
Citizens Business Bank									
US Treasury / Agency Bonds		CBB Wealth Mgt		See Attached		5,383,000.00	5,399,528.34	5,343,545.68	Interactive Data
CBB Money Market Fund	CBB Money Market Fund	CBB Wealth Mgt	N/A	N/A	0.950%	212,950.84	212,950.84	212,950.84	N/A
Union Bank (2010 Refunding Revenue Bond Trustee)									
Revenue Fund	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.660%	2,027,784.00	2,027,784.00	2,027,784.00	Union Bank
Interest Account	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.660%	22.25	22.25	22.25	Union Bank
Union Bank (2013 Revenue Bond Trustee)									
Revenue Fund	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.660%	292,549.05	292,549.05	292,549.05	Union Bank
Interest Account	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.660%	10.98	10.98	10.98	Union Bank
Total Cash and Investments						<u>21,446,785.92</u>	<u>21,463,314.26</u>	<u>21,407,331.60</u>	

<u>SUMMARY</u>	<u>Book Value</u>	<u>Market Value</u>	<u>%</u>
Cash	585,061.34	585,061.34	2.73%
LAIF	12,945,407.46	12,945,407.46	60.47%
Treasury/Agency Securities	5,399,528.34	5,343,545.68	24.96%
Money Market Treasury Funds	2,533,317.12	2,533,317.12	11.83%
Total Cash and Investments	<u>21,463,314.26</u>	<u>21,407,331.60</u>	<u>99.99%</u>
Less: Funds designated for Capital Improvements	-	-	0.00%
Less: Funds designated for Bond debt service	(2,320,366.28)	(2,320,366.28)	-10.84%
Less: Restricted Capacity Fees	(2,678,332.30)	(2,678,332.30)	-12.51%
Less: Customer / Construction Deposits	(1,489,714.55)	(1,489,714.55)	-6.96%
Less: Funds designated for rate stabilization	(268,447.00)	(268,447.00)	-1.25%
Less: Funds designated for emergency reserve	(2,186,450.00)	(2,186,450.00)	-10.21%
Total Unrestricted / Undesignated Cash and Investments	<u>12,520,004.13</u>	<u>12,464,021.47</u>	<u>58.22%</u>

I certify that this report accurately reflects all pooled investments and is in compliance with California Government Code Sec. 53646 as amended 1/1/96. This report is also in conformity with the investment policy of East Valley Water District. As Treasurer of East Valley Water District, I hereby certify that sufficient investment liquidity and anticipated revenue are available to meet the next six month's estimated expenditures.



 Signature

10/12/2017

 Date

EAST VALLEY WATER DISTRICT

Investment Activity Quarter Ended September 30, 2017

Purch Date	Issuer	CUSIP	Yield	Units / Face Value	Maturity Date	Activity (Book Value)					Market Value 9/30/2017	
						7/1/2017	Amort Cost Adjustment	Adjusted Cost 7/1/2017	Purchases	Matured / Called		Adjusted Cost 9/30/2017
01/27/16	Federal Home Loan Bank	3130A6XY8	2.000%	100,000	01/27/21	100,000.00		100,000.00			100,000.00	100,012.00
10/12/16	Federal Home Loan Bank	3130A9GS4	1.700%	100,000	10/12/17	100,000.00		100,000.00			100,000.00	97,939.00
10/29/15	Federal Home Loan	3130A6NA1	1.400%	100,000	10/29/19	100,000.00		100,000.00			100,000.00	99,173.00
12/09/16	Federal Home Loan	313371U79	3.125%	200,000	12/11/20	210,862.00	-	210,862.00			210,862.00	208,554.00
08/03/16	Federal Home Loan	3130A8WW9	1.300%	100,000	05/01/20	100,000.00		100,000.00			100,000.00	98,857.00
05/31/17	US Treasury Note	912828XR6	1.750%	300,000	05/31/22	299,765.63		299,765.63			299,765.63	298,044.00
03/15/16	Fannie Mae	3136G3CK9	1.520%	300,000	06/15/20	299,745.00		299,745.00			299,745.00	294,870.00
07/28/16	Fannie Mae	3136G3J30	1.600%	100,000	07/28/21	100,000.00		100,000.00			100,000.00	97,107.00
08/04/16	Fannie Mae	3136G3XV2	1.100%	100,000	07/27/17	99,750.00		99,750.00			99,750.00	98,247.00
08/24/16	Fannie Mae	3135G0N66	1.400%	100,000	08/24/20	99,981.00		99,981.00			99,981.00	98,906.00
08/25/16	Fannie Mae	3136G3Y33	1.400%	300,000	08/25/21	300,000.00		300,000.00			300,000.00	294,816.00
10/27/15	Freddie Mac	3134G3F88	1.500%	100,000	08/28/19	100,881.00		100,881.00			100,881.00	99,831.00
11/17/15	Freddie Mac	3134G76G1	1.050%	300,000	05/17/18	300,000.00		300,000.00			300,000.00	299,637.00
07/26/16	Freddie Mac	3134G9J40	1.000%	200,000	04/26/19	200,000.00		200,000.00			200,000.00	198,136.00
08/25/16	Freddie Mac	3134G95L7	1.600%	200,000	08/25/21	200,000.00		200,000.00			200,000.00	197,208.00
09/20/16	Freddie Mac	3134GALQ5	1.300%	100,000	09/20/19	100,000.00		100,000.00			100,000.00	99,261.00
09/30/16	Freddie Mac	3134GAHK3	1.600%	200,000	09/30/21	200,000.00		200,000.00			200,000.00	195,892.00
07/27/17	Freddie Mac	3134GBZS4	2.150%	300,000	04/27/22	-		-	300,000.00		300,000.00	298,041.00
08/27/14	Tenn Valley Authority	880591EQ1	1.750%	272,000	10/15/18	274,769.92	(2,077.50)	272,692.42			272,692.42	272,913.92
12/09/16	Tenn Valley Authority	880591EL2	3.875%	111,000	02/15/21	120,107.55	(2,276.00)	117,831.55			117,831.55	118,343.76
12/02/13	US Treasury Note	912828UE8	0.750%	500,000	12/31/17	493,632.81	5,571.30	499,204.11			499,204.11	499,510.00
11/04/16	US Treasury Note	912828T67	1.250%	500,000	10/31/21	499,765.63		499,765.63			499,765.63	488,830.00
06/14/16	Federal Home Loan Bank	3130A8EN9	1.640%	100,000	06/14/21	100,000.00		100,000.00			100,000.00	98,571.00
05/27/16	Fannie Mae	3136G15S4	1.250%	200,000	12/27/19	199,250.00		199,250.00			199,250.00	198,144.00
08/30/16	Fannie Mae	3136G35C5	1.400%	100,000	08/25/21	100,000.00		100,000.00			100,000.00	98,756.00
08/25/16	Freddie Mac	3134G93Q8	1.680%	200,000	08/25/21	199,800.00		199,800.00			199,800.00	194,278.00
01/30/17	Freddie Mac	3134GAS88	1.625%		01/28/20	150,000.00		150,000.00		150,000.00	-	-
09/14/17	Freddie Mac	3134GBC83	2.070%	200,000	06/14/18	-		-	200,000.00		200,000.00	199,668.00
				5,383,000		5,048,310.54	1,217.80	5,049,528.34	500,000.00	150,000.00	5,399,528.34	5,343,545.68