



# EAST VALLEY WATER DISTRICT

LEADERSHIP • PARTNERSHIP • STEWARDSHIP

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## BOARD AGENDA STAFF REPORT

Agenda Item #3.e.  
Meeting Date: April 25, 2018  
Consent Item

**To:** Governing Board Members  
**From:** General Manager/CEO

**Subject:** Approve Investment Report for Quarter Ended March 31, 2018

### **RECOMMENDATION:**

Staff recommends that the Board of Directors accept and file the attached Investment Report for the quarter ended, March 31, 2018.

### **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 March 31, 2018. Attachment A presents the investment securities purchased and retired during the quarter January to March 2018. 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 \$15,803,326. Interest earned during the previous quarter of \$42,596 was posted to the account in January, and staff initiated a transfer into LAIF for \$1,000,000, resulting in a balance at the end of the quarter of \$16,845,922.

LAIF earnings for the quarter ended March 31, 2018 were \$59,745, calculated at an apportionment rate of 1.51%; up from 1.20% which had been in effect for the previous quarter. The earnings were posted to the District's account on April 13, 2018.

##### Citizen's Business Bank (CBB) Wealth Management

The total (book) value of the assets held with CBB increased \$20,342 to \$5,649,101 during the quarter ended March 31, 2018. The balance in this account is held both in a money market account (\$262,211) and in a \$5,386,890 portfolio of Treasury and federal agency securities shown on Attachment A.

Net interest payments received on securities in the District's portfolio were \$28,494 and funds held in money market accounts earned \$1,082. Earnings were reduced by a \$7,197 amortization charge against discounts taken on the

acquisition of certain bonds.

Investment manager fees paid during the quarter were \$2,037.

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 March 31, 2018:

<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	\$15,803,326	\$ 1,000,000	\$ 42,596	\$ -	\$ -	\$ 16,845,922
CBB Wealth Mgt	5,628,760	-	29,576	(2,038)	(7,197)	5,649,101

### **Restricted Investments**

Trust accounts with Union Bank are used to safeguard funds which are restricted by bond covenants. The accounts remaining open as of March 31, 2018, are used to receive District deposits, from which the Trustee (Union Bank) pays District bondholders.

Semiannual bond payment dates are April 1<sup>st</sup> and October 1<sup>st</sup>.

#### Summary Schedule of Union Bank Trustee Accounts

The following schedule summarizes activity in the Union Bank accounts for the Quarter ended March 31, 2018:

<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	\$ -	\$ 556,310	\$ 600	\$ (600)	\$ -	\$ 556,310
Interest Acct	22	-	-	600	-	622

<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	-	292,439	112	(112)	-	292,439
Interest Acct	11	-	-	112	-	123

### **AGENCY GOALS AND OBJECTIVES:**

Goal and Objectives II - Maintain a Commitment to Sustainability, Transparency, and Accountability

- a) Practice Transparent and Accountable Fiscal Management

### **REVIEW BY OTHERS:**

This agenda item has been reviewed by the Finance Department.

### **FISCAL IMPACT**

There is no fiscal impact associated with this agenda item.

Recommended by:

John Mura  
General Manager/CEO

**ATTACHMENTS:**

Description

Investment Report for the Quarter Ended Mar 31 2018  
Attachment A - CBB Investment Activity Report for Quarter  
Ended Mar 31 2018

Respectfully submitted:

Brian Tompkins  
Chief Financial Officer

Type

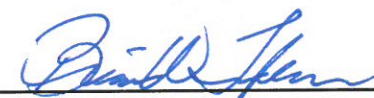
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**EAST VALLEY WATER DISTRICT  
INVESTMENT REPORT  
QUARTER ENDED  
March 31, 2018**

		<b>Funds Managed By</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Face Value</b>	<b>Book Value</b>	<b>Market Value</b>	<b>Source of Valuation</b>
<b>Funds Held by EVWD</b>									
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	4,500.00	4,500.00	4,500.00	N/A
Checking account	Citizens Business Bank	District	N/A	N/A	N/A	294,667.14	294,667.14	294,667.14	N/A
<b>Funds Held by EVWD Under Management of an Outside Party</b>									
<b>Local Agency Investment Fund - Undesignated</b>		State of California	N/A	N/A	1.510%	16,845,922.37	16,845,922.37	16,845,922.37	LAIF
<b>Citizens Business Bank</b>									
US Treasury / Agency Bonds		CBB Wealth Mgt		See Attached		5,383,000.00	5,382,536.45	5,263,700.82	Interactive Data
CBB Money Market Fund	CBB Money Market Fund	CBB Wealth Mgt	N/A	N/A	1.560%	262,211.32	262,211.32	262,211.32	N/A
<b>Union Bank (2010 Refunding Revenue Bond Trustee)</b>									
Revenue Fund	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	N/A	556,310.11	556,310.11	556,310.11	Union Bank
Interest Account	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.710%	621.70	621.70	621.70	Union Bank
<b>Union Bank (2013 Revenue Bond Trustee)</b>									
Revenue Fund	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	N/A	292,439.39	292,439.39	292,439.39	Union Bank
Interest Account	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.720%	123.11	123.11	123.11	Union Bank
<b>Total Cash and Investments</b>						<u>23,640,545.14</u>	<u>23,640,081.59</u>	<u>23,521,245.96</u>	

<b>SUMMARY</b>	<b>Book Value</b>	<b>Market Value</b>	<b>%</b>
Cash	299,917.14	299,917.14	1.28%
LAIF	16,845,922.37	16,845,922.37	71.62%
Treasury/Agency Securities	5,382,536.45	5,263,700.82	22.38%
Money Market Treasury Funds	1,111,705.63	1,111,705.63	4.73%
<b>Total Cash and Investments</b>	<u>23,640,081.59</u>	<u>23,521,245.96</u>	100.01%
Less: Funds designated for Capital Improvements	-	-	0.00%
Less: Funds designated for Bond debt service	(849,494.31)	(849,494.31)	-3.61%
Less: Restricted Capacity Fees	(3,049,585.50)	(3,049,585.50)	-12.97%
Less: Customer / Construction Deposits	(1,559,627.05)	(1,559,627.05)	-6.63%
Less: Funds designated for rate stabilization	(268,447.00)	(268,447.00)	-1.14%
Less: Funds designated for emergency reserve	(2,186,450.00)	(2,186,450.00)	-9.30%
<b>Total Unrestricted / Undesignated Cash and Investments</b>	<u>15,726,477.73</u>	<u>15,607,642.10</u>	66.36%

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

4/16/2018  
Date

**EAST VALLEY WATER DISTRICT**  
**Investment Activity**  
**Quarter Ended March 31, 2018**

Purch Date	Issuer	CUSIP	Yield	Units / Face Value	Maturity Date	Activity (Book Value)					Market Value 3/31/2018	
						1/1/2018	Amort Cost Adjustment	Adjusted Cost 1/1/2018	Purchases	Matured / Called		Adjusted Cost 3/31/2018
01/27/16	Federal Home Loan Bank	3130A6XY8	2.000%	100,000	01/27/21	100,000.00		100,000.00			100,000.00	98,508.00
10/12/16	Federal Home Loan Bank	3130A9GS4	1.700%	100,000	10/12/17	100,000.00		100,000.00			100,000.00	96,687.00
10/29/15	Federal Home Loan	3130A6NA1	1.400%	100,000	10/29/19	100,000.00		100,000.00			100,000.00	98,589.00
12/09/16	Federal Home Loan	313371U79	3.125%	200,000	12/11/20	208,208.75		208,208.75			208,208.75	203,448.00
08/03/16	Federal Home Loan	3130A8WW9	1.300%	100,000	05/01/20	100,000.00		100,000.00			100,000.00	97,836.00
05/31/17	US Treasury Note	912828XR6	1.750%	300,000	05/31/22	299,765.63		299,765.63			299,765.63	290,919.00
03/15/16	Fannie Mae	3136G3CK9	1.520%	300,000	06/15/20	299,745.00		299,745.00			299,745.00	294,555.00
07/28/16	Fannie Mae	3136G3J30	1.600%	100,000	07/28/21	100,000.00		100,000.00			100,000.00	96,920.00
08/04/16	Fannie Mae	3136G3XV2	1.100%	100,000	07/27/17	99,750.00		99,750.00			99,750.00	97,131.00
08/24/16	Fannie Mae	3135G0N66	1.400%	100,000	08/24/20	99,981.00		99,981.00			99,981.00	97,719.00
08/25/16	Fannie Mae	3136G3Y33	1.400%	300,000	08/25/21	300,000.00		300,000.00			300,000.00	289,260.00
10/27/15	Freddie Mac	3134G3F88	1.500%	100,000	08/28/19	100,354.23		100,354.23			100,354.23	98,945.00
11/17/15	Freddie Mac	3134G76G1	1.050%	300,000	05/17/18	300,000.00		300,000.00			300,000.00	299,700.00
07/26/16	Freddie Mac	3134G9J40	1.000%	200,000	04/26/19	200,000.00		200,000.00			200,000.00	197,256.00
08/25/16	Freddie Mac	3134G95L7	1.600%	200,000	08/25/21	200,000.00		200,000.00			200,000.00	193,566.00
09/20/16	Freddie Mac	3134GALQ5	1.300%	100,000	09/20/19	100,000.00		100,000.00			100,000.00	98,403.00
09/30/16	Freddie Mac	3134GAHK3	1.600%	200,000	09/30/21	199,800.00		199,800.00			199,800.00	192,282.00
07/27/17	Freddie Mac	3134GBZS4	2.150%	300,000	04/27/22	300,000.00		300,000.00			300,000.00	291,963.00
08/27/14	Tenn Valley Authority	880591EQ1	1.750%	272,000	10/15/18	272,877.13	(2,077.50)	270,799.63			270,799.63	271,545.76
12/09/16	Tenn Valley Authority	880591EL2	3.875%	111,000	02/15/21	117,607.54	(2,276.00)	115,331.54			115,331.54	115,269.06
12/02/13	US Treasury Note	912828UE8	0.750%	-	12/31/17	493,632.81		493,632.81		493,632.81	-	-
11/04/16	US Treasury Note	912828T67	1.250%	500,000	10/31/21	489,785.04		489,785.04			489,785.04	479,200.00
06/14/16	Federal Home Loan Bank	3130A8EN9	1.640%	100,000	06/14/21	100,000.00		100,000.00			100,000.00	97,147.00
05/27/16	Fannie Mae	3136G15S4	1.250%	200,000	12/27/19	199,250.00		199,250.00			199,250.00	196,522.00
08/30/16	Fannie Mae	3136G35C5	1.400%	100,000	08/25/21	100,000.00		100,000.00			100,000.00	97,367.00
08/25/16	Freddie Mac	3134G93Q8	1.680%	200,000	08/25/21	200,000.00		200,000.00			200,000.00	190,886.00
09/14/17	Freddie Mac	3134GBC83	2.070%	200,000	06/14/18	200,000.00		200,000.00			200,000.00	195,962.00
01/02/18	US Treasury Note	912828N89	1.375%	500,000	01/31/21	-	-	-	499,765.63		499,765.63	486,115.00
				<u>5,383,000</u>		<u>5,380,757.13</u>	<u>(4,353.50)</u>	<u>5,376,403.63</u>	<u>499,765.63</u>	<u>493,632.81</u>	<u>5,382,536.45</u>	<u>5,263,700.82</u>