



Report to the Auburn City Council

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| Action Item | 1 |
| Agenda Item No. | |

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| City Manager's Approval |
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To: Honorable Mayor and City Council Members
From: Donna Silva, City Treasurer
Nita Wracker, Finance Director
Date: November 13, 2017
Subject: Quarterly Report of Investments – Quarter Ending September 30, 2017

The Issue

The City Council is required by state law and the City of Auburn's Investment Policy to receive and review a Quarterly Investment Report.

Recommended Action Requested

Receive, review and file the "City of Auburn Quarterly Investment Report" for the quarter ending September 30, 2017.

Background

The purpose of the treasurer's report is to update the Board and the public on the status of the City's cash balances and investments, and highlight material changes from one period to another. The scope of this report covers the first quarter of fiscal year 2017-2018, ending September 30, 2017.

The City's investment objectives are established by the City Council approved Investment Policy. The Investment Policy is guided and constrained by the California Government Code. The City Council periodically reviews and adjusts the Investment Policy to ensure ongoing compliance with the government code and to maximize investment flexibility as permitted. The current Investment Policy has the following objectives for the portfolio:

1. Safety
2. Liquidity
3. Yield

Attached is the quarterly Treasurer's Report for the three months ended September 30, 2017.

At June 30, 2017, the end of the previous quarter, the value of the City's total portfolio was \$11.8 million. Since that time, the value of the City's portfolio decreased by \$4.4

million for an ending balance of \$7.4 million as of September 30, 2017. The significant decrease is due to a combination of special projects and routine but large expenditures as follows:

- *Projects and one time expenses:*
 - \$200K to Placer County Public Works for the final payment on the regional sewer project
 - \$1.7M to Auburn Constructors for the Oxidation ditch project
 - \$112K to Nexgen Utility for the Oxidation ditch capital project
 - \$155K to A-Z bus Sales for the new bus purchase
 - \$67K to Placer Title for a new HOME/FTE loan

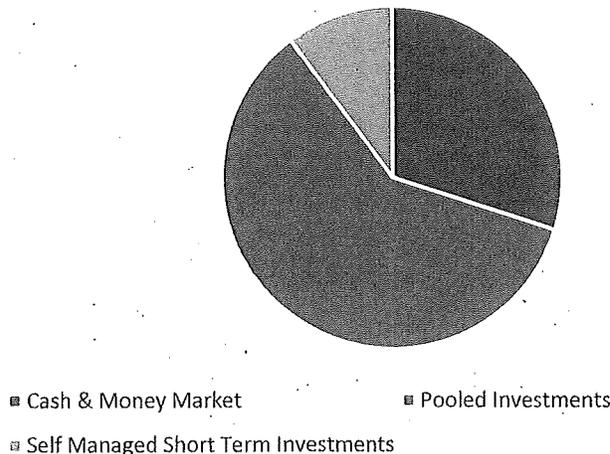
- *Routine but large expenditures:*
 - \$405K to NCCSIF for workers comp premium
 - \$437K to CH2MHill for operation of the waste water treatment plant
 - \$489K to Wells Fargo for pension bond obligation payment

The City did receive approximately \$5 million from the FAA as reimbursement for the Oxidation ditch project. That will show up next quarter in the Placer County Treasurer pooled account.

The funds are currently held as follows:

| | |
|-------------------------------------|-----------------|
| Cash at Banking Institutions | \$ 2,217,308.76 |
| Placer County Investment Pool | \$ 4,390,721.54 |
| Self Managed Short Term Investments | \$ 757,070.00 |
| Local Agency Investment Fund (LAIF) | \$ 43,131.25 |

Distribution of Portfolio



In order to efficiently maximize yields, the City Finance Director and Treasurer continually analyze cash flow needs to determine when additional transfers can be made into the Placer County investment pool, without risking a funding shortfall in the general checking account.

Fiscal Impact

None. All investments held at September 30, 2017 conform to the City's Investment Policy and the State of California Government Code.

Honorable Mayor and City Council Members

City of Auburn
Treasurer's Report
September 30, 2017

| | Yield % | Par Value | Cost | June 30, 2017 Market Value | Current Market Value | Maturity Date | Change |
|--|---------|---------------------|---------------------|-------------------------------|-------------------------|-------------------|--------------------------|
| CASH & DEMAND DEPOSITS: | | | | | | | |
| Wells Fargo - Commercial Checking | | | | \$ 5,978,405.04 | \$ 1,552,888.21 | na | \$ (4,425,516.83) |
| Wells Fargo - Payroll Checking | | | | \$ 197,338.12 | \$ 172,106.24 | na | \$ (25,231.88) |
| Wells Fargo - CDBG | | | | \$ 376,827.30 | \$ 379,275.43 | na | \$ 2,448.13 |
| Wells Fargo - Preserve Project | | | | \$ - | | na | \$ - |
| Hilltop Securities - Money Market | 0.05% | | | \$ 14,714.54 | \$ 14,668.94 | na | \$ (45.60) |
| Bank of America - Recology | | | | \$ 66,351.29 | \$ 98,369.94 | na | \$ 32,018.65 |
| TOTAL CASH & DEMAND DEPOSITS | | | | \$ 6,633,636.29 | \$ 2,217,308.76 | | \$ (4,416,327.53) |
| POOLED INVESTMENTS | | | | | | | |
| Local Agency Investment Fund (LAIF) | 0.978% | | | \$ 43,032.15 | \$ 43,131.25 | na | \$ 99.10 |
| Placer County Investment Pool | 1.432% | | | \$ 4,374,386.46 | \$ 4,390,721.54 | na | \$ 16,335.08 |
| TOTAL POOLED INVESTMENTS | | | | \$ 4,417,418.61 | \$ 4,433,852.79 | | \$ 16,434.18 |
| SELF MANAGED SHORT-TERM INVESTMENTS | | | | | | | |
| <i>Federal Agency Bonds/Notes:</i> | | | | | | | |
| Federal Home Loan Banks | 1.10% | 500,000.00 | 500,000.00 | 499,745.00 | 499,570.00 | 2/20/2018 | \$ (175.00) |
| <i>Corporate Bonds:</i> | | | | | | | |
| Mnlehman Brothers HLRR ¹ | 0.000% | 71,656.54 | 73,305.11 | 8,187.50 | 7,500.00 | 2012 ¹ | \$ (687.50) |
| <i>Certificate of Deposit:</i> | | | | | | | |
| Community Bank | 0.30% | 250,000.00 | 250,000.00 | 250,000.00 | 250,000.00 | 10/16/2017 | \$ - |
| TOTAL SHORT TERM and POOLED INVESTMENTS | | \$821,656.54 | \$823,305.11 | \$ 757,932.50 | \$ 757,070.00 | | \$ (862.50) |
| TOTAL CASH & INVESTMENTS | | | | \$ 11,808,987.40 | \$ 7,408,231.55 | | \$ (4,400,755.85) |

Restricted Bond Funds Excluded from report

¹ Lehman Brothers entered Chapter 11 bankruptcy proceedings in September 2008. This corporate bond matured in 2012 but redemption is constrained by the bankruptcy plan. The City receives periodic principal repayments on this bond. To date, 12 distributions have been received. The original par value of the bond was \$125,000. As a result of the distributions, the current par value is \$71,656.64.