



EAST VALLEY WATER DISTRICT
LEADERSHIP • PARTNERSHIP • STEWARDSHIP

BOARD AGENDA STAFF REPORT

Agenda Item #3.c.
Meeting Date: January 24, 2018
Discussion Item

To: Governing Board Members
From: General Manager/CEO

Subject: Approve Investment Report for Quarter Ended December 31, 2017

RECOMMENDATION:

Staff recommends that the Board of Directors accept and file the attached Investment Report for the quarter ended, December 31, 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 December 31, 2017. Attachment A presents the investment securities purchased and retired during the quarter October to December 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 \$12,945,407. Interest earned during the previous quarter of \$32,919 was posted to the account in October, and staff initiated two transfers into LAIF for \$2,825,000, resulting in a balance at the end of the quarter of \$15,803,326.

LAIF earnings for the quarter ended December 31, 2017 were \$42,596, calculated at an apportionment rate of 1.20%; up from 1.07% which had been in effect for the previous quarter. The earnings were posted to the District's account on January 12, 2018.

Citizen's Business Bank (CBB) Wealth Management

The total (book) value of the assets held with CBB increased \$16,281 to \$5,628,760 during the quarter ended December 31, 2017. The balance in this account is held both in a money market account (\$233,777) and in a \$5,394,983 portfolio of Treasury and federal agency securities shown on Attachment A.

Net interest payments received on securities in the District's portfolio were \$22,348 and funds held in money market accounts earned \$553. Earnings were reduced by a \$3,327 amortization charge against discounts taken on the

acquisition of certain bonds.

Investment manager fees paid during the quarter were \$2,074.

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 December 31, 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	\$12,945,407	\$ 2,825,000	\$ 32,919	\$ -	\$ -	\$ 15,803,326
CBB Wealth Mgt	5,612,479	-	22,901	(2,074)	(4,546)	5,628,760

Restricted Investments

Trust accounts with Union Bank are used to safeguard funds which are restricted by bond covenants. The accounts remaining open as of December 31, 2017, are used to receive District deposits, from which the Trustee (Union Bank) pays District bondholders.

Semiannual bond payment dates are April 1st and October 1st.

Summary Schedule of Union Bank Trustee Accounts

The following schedule summarizes activity in the Union Bank accounts for the Quarter ended December 31, 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	\$ -	\$ 598	\$ (2,028,382)	\$ -	\$ -
Interest Acct	22	-	-	2,028,382	(2,027,784)	620

<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	-	112	(292,661)	-	-
Interest Acct	11	-	-	292,661	(292,549)	123

AGENCY GOALS AND OBJECTIVES

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

(A) - Practice transparent & 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

Respectfully submitted:

Brian Tompkins
Chief Financial Officer

ATTACHMENTS:

Description

Investment Report for the Quarter Ended Dec 31 2017
Attachment A - CBB Investment Activity Report for the
Quarter Ended Dec 31 2017

Type

Backup Material
Backup Material

**EAST VALLEY WATER DISTRICT
INVESTMENT REPORT
QUARTER ENDED
December 31, 2017**

		Funds Managed By	Purchase Date	Maturity Date	Interest Rate	Face Value	Book Value	Market Value	Source of Valuation
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	766,152.63	766,152.63	766,152.63	N/A
Funds Held by EVWD Under Management of an Outside Party									
Local Agency Investment Fund - Undesignated		State of California	N/A	N/A	1.200%	15,803,326.81	15,803,326.81	15,803,326.81	LAIF
Citizens Business Bank									
US Treasury / Agency Bonds		CBB Wealth Mgt		See Attached		5,383,000.00	5,394,982.30	5,372,123.84	Interactive Data
CBB Money Market Fund	CBB Money Market Fund	CBB Wealth Mgt	N/A	N/A	1.200%	233,777.12	233,777.12	233,777.12	N/A
Union Bank (2010 Refunding Revenue Bond Trustee)									
Revenue Fund	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	N/A	-	-	-	Union Bank
Interest Account	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.710%	123.11	123.11	123.11	Union Bank
Union Bank (2013 Revenue Bond Trustee)									
Revenue Fund	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	N/A	-	-	-	Union Bank
Interest Account	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.720%	620.08	620.08	620.08	Union Bank
Total Cash and Investments						<u>22,192,749.75</u>	<u>22,204,732.05</u>	<u>22,181,873.59</u>	

SUMMARY	Book Value	Market Value	%
Cash	771,902.63	771,902.63	3.48%
LAIF	15,803,326.81	15,803,326.81	71.24%
Treasury/Agency Securities	5,394,982.30	5,372,123.84	24.22%
Money Market Treasury Funds	234,520.31	234,520.31	1.06%
Total Cash and Investments	<u>22,204,732.05</u>	<u>22,181,873.59</u>	100.00%
Less: Funds designated for Capital Improvements	-	-	0.00%
Less: Funds designated for Bond debt service	(743.19)	(743.19)	0.00%
Less: Restricted Capacity Fees	(2,781,112.32)	(2,781,112.32)	-12.54%
Less: Customer / Construction Deposits	(1,478,663.26)	(1,478,663.26)	-6.67%
Less: Funds designated for rate stabilization	(268,447.00)	(268,447.00)	-1.21%
Less: Funds designated for emergency reserve	(2,186,450.00)	(2,186,450.00)	-9.86%
Total Unrestricted / Undesignated Cash and Investments	<u>15,489,316.28</u>	<u>15,466,457.82</u>	69.72%

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

 January 16, 2018
 Date

EAST VALLEY WATER DISTRICT
Investment Activity
Quarter Ended December 31, 2017

Purch Date	Issuer	CUSIP	Yield	Units / Face Value	Maturity Date	Activity (Book Value)					Market Value 12/31/2017		
						10/1/2017	Amort Cost Adjustment	Adjusted Cost 10/1/2017	Purchases	Matured / Called		Adjusted Cost 12/31/2017	
01/27/16	Federal Home Loan Bank	3130A6XY8	2.000%	100,000	01/27/21	100,000.00		100,000.00			100,000.00	99,442.00	
10/12/16	Federal Home Loan Bank	3130A9GS4	1.700%	100,000	10/12/17	100,000.00		100,000.00			100,000.00	97,717.00	
10/29/15	Federal Home Loan	3130A6NA1	1.400%	100,000	10/29/19	100,000.00		100,000.00			100,000.00	98,938.00	
12/09/16	Federal Home Loan	313371U79	3.125%	200,000	12/11/20	210,862.00	(2,653.25)	208,208.75			208,208.75	205,878.00	
08/03/16	Federal Home Loan	3130A8WW9	1.300%	100,000	05/01/20	100,000.00		100,000.00			100,000.00	98,227.00	
05/31/17	US Treasury Note	912828XR6	1.750%	300,000	05/31/22	299,765.63		299,765.63			299,765.63	294,774.00	
03/15/16	Fannie Mae	3136G3CK9	1.520%	300,000	06/15/20	299,745.00		299,745.00			299,745.00	293,118.00	
07/28/16	Fannie Mae	3136G3J30	1.600%	100,000	07/28/21	100,000.00		100,000.00			100,000.00	97,758.00	
08/04/16	Fannie Mae	3136G3XV2	1.100%	100,000	07/27/17	99,750.00		99,750.00			99,750.00	97,719.00	
08/24/16	Fannie Mae	3135G0N66	1.400%	100,000	08/24/20	99,981.00		99,981.00			99,981.00	98,316.00	
08/25/16	Fannie Mae	3136G3Y33	1.400%	300,000	08/25/21	300,000.00		300,000.00			300,000.00	291,780.00	
10/27/15	Freddie Mac	3134G3F88	1.500%	100,000	08/28/19	100,881.00		100,881.00			100,881.00	99,273.00	
11/17/15	Freddie Mac	3134G76G1	1.050%	300,000	05/17/18	300,000.00		300,000.00			300,000.00	299,451.00	
07/26/16	Freddie Mac	3134G9J40	1.000%	200,000	04/26/19	200,000.00		200,000.00			200,000.00	197,488.00	
08/25/16	Freddie Mac	3134G95L7	1.600%	200,000	08/25/21	200,000.00		200,000.00			200,000.00	195,440.00	
09/20/16	Freddie Mac	3134GALQ5	1.300%	100,000	09/20/19	100,000.00		100,000.00			100,000.00	98,720.00	
09/30/16	Freddie Mac	3134GAHK3	1.600%	200,000	09/30/21	199,800.00		199,800.00			199,800.00	194,374.00	
07/27/17	Freddie Mac	3134GBZS4	2.150%	300,000	04/27/22	300,000.00		300,000.00			300,000.00	295,581.00	
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	272,035.36	
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	177,069.48	
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	500,000.00	
11/04/16	US Treasury Note	912828T67	1.250%	500,000	10/31/21	499,765.63		499,765.63			499,765.63	484,375.00	
06/14/16	Federal Home Loan Bank	3130A8EN9	1.640%	100,000	06/14/21	100,000.00		100,000.00			100,000.00	98,136.00	
05/27/16	Fannie Mae	3136G15S4	1.250%	200,000	12/27/19	199,250.00		199,250.00			199,250.00	197,040.00	
08/30/16	Fannie Mae	3136G35C5	1.400%	100,000	08/25/21	100,000.00		100,000.00			100,000.00	98,114.00	
08/25/16	Freddie Mac	3134G93Q8	1.680%	200,000	08/25/21	200,000.00		200,000.00			200,000.00	192,920.00	
09/14/17	Freddie Mac	3134GBC83	2.070%	200,000	06/14/18	200,000.00		200,000.00			200,000.00	198,440.00	
				5,383,000			5,396,417.75	(1,435.45)	5,394,982.30	-	-	5,394,982.30	5,372,123.84