

# City of Lompoc

## Quarterly Investment Report



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June 30, 2015



# *Quarterly Investment Report*

## *As of June 30, 2015*

### ***Quarterly Reporting***

This report presents the City's investment portfolio for the quarter ending June 30, 2015. The report includes all investments managed by the City. 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, 2015 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

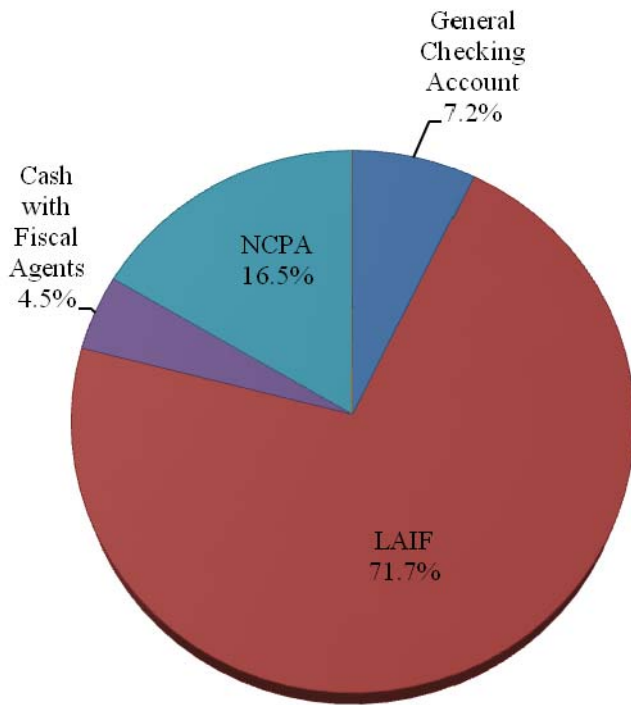
## As of June 30, 2015

### Current Portfolio Summary

| Type of Investments                                    | Percent of Portfolio | Yield        | Book Value           | Market Value         |
|--|----------------------|--------------|----------------------|----------------------|
| City Cash & Bank of America - General Checking Account | 5.2%                 | 0.25%        | \$ 3,947,340         | \$ 3,947,340         |
| Local Agent Investment Fund, State Treasurer (LAIF)    | 46.0%                | 0.27%        | 34,620,321           | 34,633,337           |
| Certificate of Deposits                                | 3.7%                 | 1.67%        | 2,750,000            | 2,750,593            |
| Cash with Fiscal Agents                                | 3.4%                 | 0.02%        | 2,552,997            | 2,552,997            |
| Northern California Power Agency NCPA                  | 15.2%                | 0.60%        | 11,420,316           | 11,420,316           |
| US Government Securities                               | 26.6%                | 1.64%        | 20,000,000           | 20,039,980           |
| <b>Total City Investments</b>                          | <b>100%</b>          | <b>0.73%</b> | <b>\$ 75,290,974</b> | <b>\$ 75,344,563</b> |

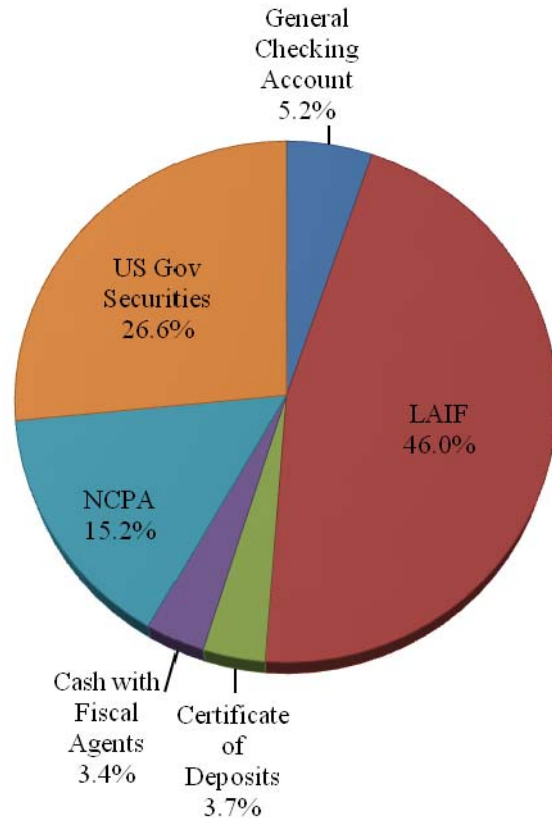
### Percentage of Portfolio by Type

**June 30, 2014**



Total City Investments \$66,352,337

**June 30, 2015**



Total City Investments \$75,344,154

# Quarterly Investment Report

## As of June 30, 2015

### City Cash & General Checking

| <u>Cash Bank Accounts</u>  | <u>Rate</u>  | <u>Book Value</u>   | <u>Market Value</u> |
|----------------------------|--------------|---------------------|---------------------|
| Petty Cash                 | 0.00%        | \$ 4,070            | \$ 4,070            |
| US Bank - Accrued Interest | 0.00%        | -                   | -                   |
| Bank of America            | 0.25%        | 3,943,270           | 3,943,270           |
| <b>Total Cash</b>          | <b>0.25%</b> | <b>\$ 3,947,340</b> | <b>\$ 3,947,340</b> |

### Local Agency Investment Fund

| <u>California Treasurer</u>  | <u>Rate</u>  | <u>Book Value</u>    | <u>Market Value</u>  |
|------------------------------|--------------|----------------------|----------------------|
| Local Agency Investment Fund | 0.27%        | \$ 34,620,321        | \$ 34,633,337        |
| <b>Total LAIF</b>            | <b>0.27%</b> | <b>\$ 34,620,321</b> | <b>\$ 34,633,337</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             | 250,655             |
| Goldman Sachs Bank USA New York      | 2.05%        | 7/23/2014            | 7/23/2019            | 250,000             | 250,000             | 250,270             |
| Ge Capital Bank                      | 1.25%        | 8/1/2014             | 8/1/2017             | 250,000             | 250,000             | 251,005             |
| American Express Bank FSB            | 1.20%        | 8/7/2014             | 8/7/2017             | 250,000             | 250,000             | 250,703             |
| Discover Bank                        | 1.25%        | 8/7/2014             | 8/7/2017             | 250,000             | 250,000             | 250,960             |
| Salle Mae Bank Primary               | 1.90%        | 10/15/2014           | 10/15/2018           | 250,000             | 250,000             | 250,175             |
| Capital One bank                     | 1.80%        | 10/16/2014           | 10/16/2018           | 250,000             | 250,000             | 250,325             |
| Comenity Bank                        | 1.90%        | 10/22/2014           | 10/22/2018           | 250,000             | 250,000             | 250,198             |
| Republic Bank & Trust                | 1.80%        | 10/22/2014           | 10/22/2018           | 250,000             | 250,000             | 250,115             |
| American Exprcenturion               | 1.05%        | 6/10/2015            | 6/12/2017            | 250,000             | 250,000             | 249,590             |
| Synchrony Bank                       | 2.05%        | 6/12/2015            | 6/12/2020            | 250,000             | 250,000             | 246,598             |
| <b>Total Certificate of Deposits</b> | <b>1.67%</b> |                      |                      | <b>\$ 2,750,000</b> | <b>\$ 2,750,000</b> | <b>\$ 2,750,593</b> |

### Cash with Fiscal Agents

| <u>Description</u>                          | <u>Rate</u>  | <u>Book Value</u>   | <u>Market Value</u> |
|---|--------------|---------------------|---------------------|
| * Deutsche Bank Fleet - Lease Purchase Fund | 0.01%        | \$ 1,299,758        | \$ 1,299,758        |
| * US Bank - Bond Reserve Account            | 0.00%        | 1,253,239           | 1,253,239           |
| <b>Total Money Market</b>                   | <b>0.27%</b> | <b>\$ 2,552,997</b> | <b>\$ 2,552,997</b> |

# Quarterly Investment Report

## As of June 30, 2015

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

| NCPA  | Rate         | Book Value           | Market Value         |
|---|--------------|----------------------|----------------------|
| * General Operating Reserves                          | 0.60%        | \$ 10,406,482        | \$ 10,406,482        |
| * NCPA Restricted Security Account                    | 0.60%        | 1,013,834            | 1,013,834            |
| <b>Total Reserve Northern California Power Agency</b> | <b>0.60%</b> | <b>\$ 11,420,316</b> | <b>\$ 11,420,316</b> |

### US Government Securities

| Security Description                    | Rate         | Purchase Date | Maturity Date | Par Value            | Book Value           | Market Value         |
|---|--------------|---------------|---------------|----------------------|----------------------|----------------------|
| FFCB - Federal Farm Credit Bank Chicago | 1.90%        | 7/24/2014     | 7/24/2019     | 3,000,000            | 3,000,000            | 3,003,150            |
| FNMA - Fannie Mae                       | 1.50%        | 8/15/2014     | 8/15/2018     | 3,000,000            | 3,000,000            | 3,009,270            |
| FHLB - Federal Home Loan Bank Chicago   | 1.28%        | 9/22/2014     | 12/22/2017    | 3,000,000            | 3,000,000            | 3,013,410            |
| FHLMC - Freddie Mac                     | 2.00%        | 12/22/2014    | 12/17/2019    | 2,000,000            | 2,000,000            | 2,005,280            |
| FHLMC - Freddie Mac - Step Up           | 1.00%        | 2/11/2015     | 2/11/2020     | 2,000,000            | 2,000,000            | 1,999,140            |
| FNMA - Fannie Mae                       | 2.05%        | 3/18/2015     | 3/18/2020     | 2,000,000            | 2,000,000            | 2,005,660            |
| FHLB - Federal Home Loan Bank Chicago   | 1.30%        | 3/30/2015     | 3/30/2018     | 2,000,000            | 2,000,000            | 2,002,020            |
| FHLMC - Freddie Mac - Step Up           | 2.00%        | 6/29/2015     | 6/30/2020     | 2,000,000            | 2,000,000            | 2,001,740            |
| FHLB - Federal Home Loan Bank Chicago   | 2.15%        | 6/30/2015     | 6/30/2020     | 1,000,000            | 1,000,000            | 1,000,310            |
| <b>Total Government Securities</b>      | <b>1.64%</b> |               |               | <b>\$ 20,000,000</b> | <b>\$ 20,000,000</b> | <b>\$ 20,039,980</b> |

### Investment Activity

| Sales/Redemptions                     | Rate         | Purchase/Call Date | Maturity Date | Par Value             | Book Value            | Market Value        |
|---------------------------------------|--------------|--------------------|---------------|-----------------------|-----------------------|---------------------|
| FHLMC - Freddie Mac                   | 1.30%        | 5/22/2015          | 5/22/2015     | (2,000,000)           | (2,000,000)           | -                   |
| <b>Total Sales/Redemption</b>         | <b>1.30%</b> |                    |               | <b>\$ (2,000,000)</b> | <b>\$ (2,000,000)</b> | <b>\$ -</b>         |
| <b>Purchases</b>                      |              |                    |               |                       |                       |                     |
| FHLMC - Freddie Mac - Step Up         | 2.00%        | 6/29/2015          | 6/30/2020     | 2,000,000             | 2,000,000             | 2,001,740           |
| FHLB - Federal Home Loan Bank Chicago | 2.15%        | 6/30/2015          | 6/30/2020     | 1,000,000             | 1,000,000             | 1,000,310           |
| <b>Total Purchases</b>                | <b>2.05%</b> |                    |               | <b>\$ 3,000,000</b>   | <b>\$ 3,000,000</b>   | <b>\$ 3,002,050</b> |

# Quarterly Investment Report

## As of June 30, 2015

| Investment Activity                   |               |           |           |                       |                       |                     |
|---------------------------------------|---------------|-----------|-----------|-----------------------|-----------------------|---------------------|
|                                       | Purchase/Call | Maturity  |           | Par                   | Book                  | Market              |
| Sales/Redemptions                     | Rate          | Date      | Date      | Value                 | Value                 | Value               |
| FHLMC - Freddie Mac                   | 1.30%         | 5/22/2015 | 5/22/2015 | (2,000,000)           | (2,000,000)           | -                   |
| <b>Total Sales/Redemption</b>         | <u>1.30%</u>  |           |           | <u>\$ (2,000,000)</u> | <u>\$ (2,000,000)</u> | <u>\$ -</u>         |
| <b>Purchases</b>                      |               |           |           |                       |                       |                     |
| FHLMC - Freddie Mac - Step Up         | 2.00%         | 6/29/2015 | 6/30/2020 | 2,000,000             | 2,000,000             | 2,001,740           |
| FHLB - Federal Home Loan Bank Chicago | 2.15%         | 6/30/2015 | 6/30/2020 | 1,000,000             | 1,000,000             | 1,000,310           |
| <b>Total Purchases</b>                | <u>2.05%</u>  |           |           | <u>\$ 3,000,000</u>   | <u>\$ 3,000,000</u>   | <u>\$ 3,002,050</u> |

| Summary Information                       |                      |                      |
|---|----------------------|----------------------|
| Years to Maturity                         | Percent of Portfolio | Book Value           |
| On demand                                 | 69.8%                | \$ 52,540,974        |
| Within One Year                           | 0.0%                 | -                    |
| One to Two Years                          | 0.3%                 | 250,000              |
| Two to Three Years                        | 7.6%                 | 5,750,000            |
| Three to Four Years                       | 5.3%                 | 4,000,000            |
| Four to Five Years                        | 16.9%                | 12,750,000           |
| <b>Total City Investments</b>             |                      | <u>\$ 75,290,974</u> |
| <b>Estimate Annually Interest</b>         |                      | <u>\$ 536,536</u>    |
| <b>Weighted Average Years to Maturity</b> |                      | <u>1.14</u>          |

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of June 30, 2015 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 contracted parties are indicated above with an "\*".

/s/ Brad Wilkie  
**Brad Wilkie, Management Service Director**

09/04/15  
**Date**