

City of Lompoc

Quarterly Investment

Report



September 30, 2017



Quarterly Investment Report

As of September 30, 2017

Quarterly Reporting

This report presents the City's investment portfolio for the quarter ending September 30, 2017. The report includes all investments managed by the City and on behalf of the City by fiscal agents. 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 September 30, 2017 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

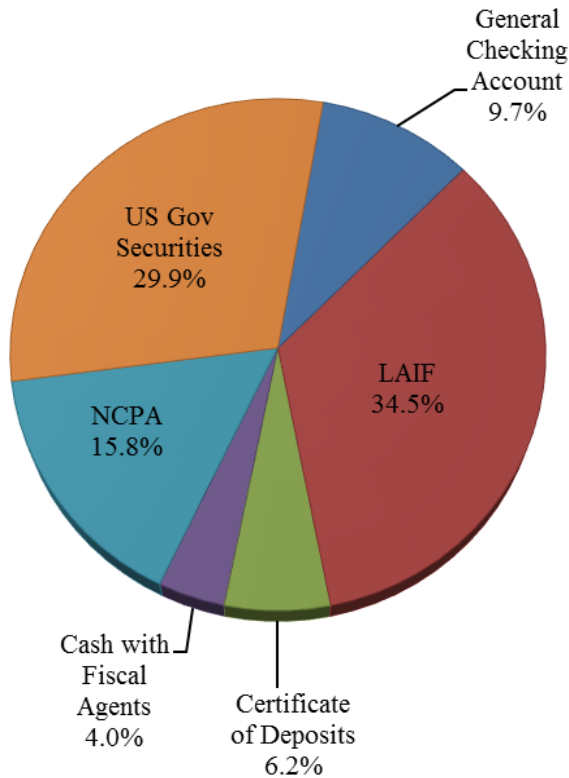
As of September 30, 2017

Current Portfolio Summary

Type of Investments	Percent of Portfolio	Yield	Book Value	Market Value
City Held Cash & Bank of America - Checking Account	4.2%	0.25%	\$ 3,292,136	\$ 3,292,136
Local Agency Investment Fund (LAIF), Ca. State Treasurer	15.7%	1.11%	12,402,941	12,391,060
Certificate of Deposits	5.1%	1.87%	4,000,000	4,007,833
Cash with Fiscal Agents - Other	4.8%	0.41%	3,798,875	3,798,875
Cash with Fiscal Agents - Northern California Power Agency (NCPA)	15.1%	1.33%	11,940,722	11,940,722
US Government Securities	48.8%	1.61%	38,580,000	38,106,920
Corporate Bonds	6.3%	2.50%	5,000,000	5,053,470
Total City Investments	100%	1.44%	\$ 79,014,674	\$ 78,591,015

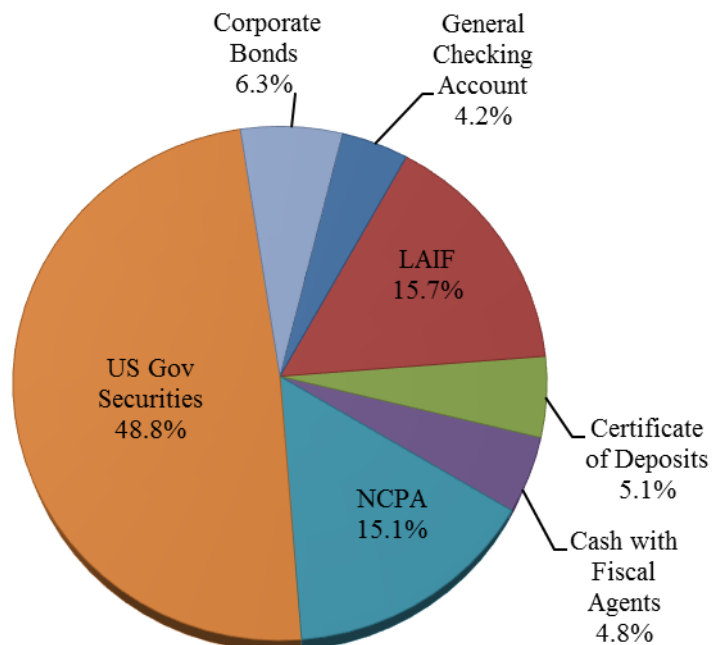
Percentage of Portfolio by Type - Year Over Year

September 30, 2016



Total City Investments \$73,337,819

September 30, 2017



Total City Investments \$79,014,674

Quarterly Investment Report

As of September 30, 2017

City Cash & General Checking

<u>Cash Bank Accounts</u>	<u>Rate</u>	<u>Book Value</u>	<u>Market Value</u>
Petty Cash	0.00%	\$ 4,685	\$ 4,685
US Bank Custody Account	0.00%	15,798	15,798
Bank of America	0.25%	3,271,653	3,271,653
Total Cash	0.25%	\$ 3,292,136	\$ 3,292,136

Local Agency Investment Fund

<u>California Treasurer</u>	<u>Rate</u>	<u>Book Value</u>	<u>Market Value</u>
Local Agency Investment Fund	1.11%	\$ 12,402,941	\$ 12,391,060
Total LAIF	1.11%	\$ 12,402,941	\$ 12,391,060

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>
Ally Bank	1.70%	9/28/2015	9/28/2019	\$ 250,000	\$ 250,000	\$ 250,448
Barclays Bank of Delaware	2.10%	7/23/2014	7/23/2019	250,000	250,000	251,450
BMW Bank North America	2.25%	7/17/2015	7/17/2020	250,000	250,000	252,273
Capital One Bank National Assn.	2.25%	9/30/2015	9/30/2020	250,000	250,000	250,368
Capital One Bank USA	1.80%	10/16/2014	10/16/2018	250,000	250,000	252,490
Comenity Bank	1.90%	10/22/2014	10/22/2018	250,000	250,000	250,340
Everbank	2.00%	9/30/2015	9/30/2020	250,000	250,000	250,675
Goldman Sachs Bank USA New York	2.05%	7/23/2014	7/23/2019	250,000	250,000	251,273
HSBC Bank USA	1.60%	11/17/2015	11/17/2020	250,000	250,000	250,348
JP Morgan Chase	1.70%	10/19/2016	10/19/2021	250,000	250,000	244,850
Key Bank	1.15%	10/2/2015	10/2/2017	250,000	250,000	250,005
Republic Bank & Trust	1.80%	10/22/2014	10/22/2018	250,000	250,000	250,313
Salle Mae Bank Primary	1.90%	10/15/2014	10/15/2018	250,000	250,000	250,315
State Bank of India	2.25%	1/26/2017	1/26/2022	250,000	250,000	251,770
Synchrony Bank	2.05%	6/12/2015	6/12/2020	250,000	250,000	250,618
Wells Fargo	1.40%	11/13/2015	11/13/2018	250,000	250,000	250,300
Total Certificate of Deposits	1.87%			\$ 4,000,000	\$ 4,000,000	\$ 4,007,833

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As of September 30, 2017

Cash with Fiscal Agents - Other

Description	Rate	Book Value	Market Value
* Deutsche Bank Fleet - Lease Purchase Fund	1.25%	\$ 374,062	\$ 374,062
* Bank of America - Public Capital Corp	0.00%	1,833,465	1,833,465
* US Bank - Bond Reserve Account	0.69%	1,591,348	1,591,348
Total Cash with Fiscal Agent - Other	0.41%	\$ 3,798,875	\$ 3,798,875

Cash with Fiscal Agent - Northern California Power Agency

NCPA	Rate	Book Value	Market Value
* General Operating Reserves	1.33%	\$ 11,200,254	\$ 11,200,254
* Restricted Security Account	1.33%	740,468	740,468
Total Cash with Fiscal Agent - Northern California Power Agency	1.33%	\$ 11,940,722	\$ 11,940,722

US Government Securities

Security Description	Rate	Purchase Date	Maturity Date	Par Value	Book Value	Market Value
FHLMC - Freddie Mac Step Up (8/2018 1.50)	1.25%	2/26/2016	2/26/2021	\$ 2,000,000	\$ 2,000,000	\$ 1,985,860
FHLMC - Freddie Mac Step Up (8/2018 1.37)	1.38%	8/29/2016	8/25/2021	2,000,000	2,000,000	1,971,040
FHLMC - Freddie Mac 4yr	1.50%	8/25/2016	8/25/2020	2,000,000	2,000,000	1,951,340
FHLMC - Freddie Mac 5yr	1.65%	9/29/2016	9/29/2021	1,830,000	1,830,000	1,810,090
FHLMC - Freddie Mac	1.65%	11/30/2016	11/24/2021	2,750,000	2,750,000	2,680,810
FHLMC - Freddie Mac 5yr	1.68%	8/25/2016	8/25/2021	2,000,000	2,000,000	1,942,780
FNMA - Fannie Mae	1.75%	11/25/2015	11/25/2020	1,000,000	1,000,000	992,360
FNMA - Fannie Mae	2.00%	1/20/2017	2/5/2022	2,000,000	2,000,000	2,005,080
FNMA - Fannie Mae	1.55%	10/28/2016	10/28/2021	3,000,000	3,000,000	2,918,130
FFCB - Federal Farm Credit Bank	1.54%	6/14/2016	12/14/2020	2,000,000	2,000,000	1,982,080
FFCB - Federal Farm Credit Bank	1.67%	6/14/2016	6/14/2021	2,000,000	2,000,000	1,956,880
FFCB - Federal Farm Credit Bank	2.00%	12/1/2016	6/1/2021	2,000,000	2,000,000	1,983,120
FFCB - Federal Farm Credit Bank	2.01%	12/8/2016	12/8/2021	2,000,000	2,000,000	2,009,120
FHLB - Federal Home Loan Bank	1.28%	9/22/2014	12/22/2017	3,000,000	3,000,000	3,001,290
FHLB - Federal Home Loan Bank	1.30%	3/30/2015	3/30/2018	2,000,000	2,000,000	1,995,640
FHLB - Federal Home Loan Bank	1.54%	10/6/2016	10/6/2021	3,000,000	3,000,000	2,941,080
FHLB - Federal Home Loan Bank	1.70%	11/23/2016	11/23/2021	2,000,000	2,000,000	1,974,220
FHLB - Federal Home Loan Bank (Bullet)	1.83%	7/20/2015	7/29/2020	2,000,000	2,000,000	2,006,000
Total Government Securities	1.61%			\$ 38,580,000	\$ 38,580,000	\$ 38,106,920

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Corporate Bonds						
Security Description	Rate	Purchase Date	Maturity Date	Par Value	Book Value	Market Value
Toyota Motor Credit Corp.	2.60%	1/24/2017	1/24/2022	2,000,000	2,000,000	2,023,060
Apple Inc.	2.50%	2/17/2017	2/9/2022	2,000,000	2,000,000	2,026,480
Apple Inc.	2.30%	5/12/2017	5/11/2022	1,000,000	1,000,000	1,003,930
	<u>2.50%</u>			<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,053,470</u>

Investment Activity						
Sales/Redemptions	Rate	Purchase/Call Date	Maturity Date	Par Value	Book Value	Market Value

Summary Information		
Years to Maturity	Percent of Portfolio	Book Value
On demand	24.1%	\$ 19,031,733
Within One Year	22.3%	17,652,941
One to Two Years	2.5%	2,000,000
Two to Three Years	5.7%	4,500,000
Three to Four Years	17.4%	13,750,000
Four to Five Years	27.9%	22,080,000
Total City Investments		<u><u>\$ 79,014,674</u></u>
Estimate Annually Interest		<u><u>\$ 1,141,130</u></u>
Weighted Average Years to Maturity		<u><u>2.16</u></u>

The following confirmations are made pursuant to California Code Sections 53600 et seq.: (1) the City's portfolio as of September 30, 2017 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 fiscal agents are indicated above with an "**".

/s/ Brad Wilkie
Brad Wilkie, Management Service Director

3/17/2018
Date