

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: FEBRUARY 27, 2017

TO: BOARD OF DIRECTORS
Lake Arrowhead Community Services District

FROM:



JESSICA BROWN, Finance Manager



CATHERINE CERRI, General Manager

SUBJECT: INVESTMENT TRANSACTIONS FOR FEBRUARY 2018

A. RECOMMENDATION

Approve investment transactions for February, 2018.

B. REASON FOR RECOMMENDATION

Per the District's Investment Policy and California Government Code Section 53607, all investment transactions conducted by the Treasurer Finance Manager, or his/her designee, shall be reviewed and approved monthly by the Board of Directors.

C. BACKGROUND INFORMATION

The District holds a diversified portfolio of assets including funds held in a checking account, on deposit with the Local Agency Investment Fund (LAIF), multiple negotiable certificates of deposit (CDs), and investments with federal agencies including Freddie Mac. Due to the favorable investment market, yields have held near their highest levels in 12 months. As a result, four additional issues were secured as detailed below.

The stated rates of these additional investments range from 2.55% to 2.65% with terms from 36 to 60 months. The District's current portfolio now holds investments with a five-year spread of maturities that reflect the District's objective of obtaining the highest possible yield on deposits while maintaining liquidity. All investments are FDIC insured, and meet the District's investment goal of enhancing the District's financial condition through safe and liquid investments.

Type	Issuer	CUSIP	Purchase Date	Maturity Date	Par Value	Market Value	Book Value	Stated Rate
Negotiable CD	East Boston Savings Bank	27113PCG4	02/08/2018	07/30/2021	\$ 250,000	\$ 250,142	\$ 250,000	2.30%
Negotiable CD	Wells Fargo Bank	949763NP7	02/14/2018	02/14/2022	\$ 250,000	\$ 250,000	\$ 250,000	2.60%
Negotiable CD	Goldman Sachs	38148PXW2	02/14/2018	02/14/2023	\$ 250,000	\$ 250,000	\$ 250,000	2.70%
Negotiable CD	Sallie Mae Bank	795450K53	02/08/2018	02/08/2023	\$ 250,000	\$ 250,000	\$ 250,000	2.65%

All current District investment activities and all components of the investment portfolio complies, in all respects, with the District's Investment Policy.

D. FISCAL IMPACT

As of February, 2018, the District's total cash and investments are \$37.8 million of which 10% or \$3.75 million are invested in negotiable CDs or federal agencies (Freddie Mac). Current rates from LAIF are 1.24%. All of the transactions in the investment portfolio carry interest rates from 1% to 2.7%. If all investments are carried to maturity, the District will receive an additional \$87,128 in total investment income over LAIF assuming LAIF rates don't change.

E. ATTACHMENTS

None.