


LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM


DATE: AUGUST 13, 2019

TO: BOARD OF DIRECTORS
Lake Arrowhead Community Services District

FROM:



JOHN O'BRIEN, Finance Manager/Treasurer



CATHERINE CERRI, General Manager

SUBJECT: INVESTMENT TRANSACTIONS FOR JUNE 2019

A. RECOMMENDATION

Approve investment transactions for June 2019.

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 by the Board of Directors within 30 days or at the next available Board meeting from the transaction date.

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. Interest rates have declined significantly over the past few months but yields on shorter term CDs has only slightly retreated.

Four additional CDs were secured in the month of June. These investments have dates of maturity ranging from June 6, 2022 to June 6, 2024 and interest rates ranging from 2.40% to 2.70%. The District's current portfolio holds investments with up to a five-year spread of maturities that reflect the District's objective of obtaining the highest possible yield on deposits while maintaining liquidity and safety of principal. All investments are FDIC insured and meet the District's investment goal of enhancing the District's financial condition through safe and liquid investments. All current investments are listed below:

Type/Issuer	CUSIP	Purchase Date	Maturity Date	Par Value	Market Value	Book Value	Stated Rate
Checking Account							
Union Bank				\$ 6,119,068	\$ 6,119,068	\$ 6,119,068	
LAIF							
				\$27,127,927	\$27,127,927	\$ 27,127,927	2.45%
Negotiable CD's							
Discover Bank	254673BW5	9/7/2017	9/9/2019	\$ 250,000	\$ 249,715	\$ 250,000	1.70%
American Express	02587DY51	9/6/2017	3/6/2020	\$ 250,000	\$ 249,540	\$ 250,000	1.90%
Capital One	140420YR5	5/4/2016	5/4/2020	\$ 250,000	\$ 248,688	\$ 250,000	1.35%
American Express Federal Savings Bank	02587CFZ8	9/6/2017	9/8/2020	\$ 250,000	\$ 249,230	\$ 250,000	1.95%
Synchrony Bank	87165EJL2	5/6/2016	5/6/2021	\$ 250,000	\$ 247,730	\$ 250,000	1.60%
East Boston Savings Bank	27113PCG4	2/8/2018	7/30/2021	\$ 250,000	\$ 250,465	\$ 250,000	2.30%
Capital One National Association	14042RHR5	9/1/2017	8/30/2021	\$ 250,000	\$ 249,927	\$ 250,000	2.20%
Pioneer Bank	723605A50	4/17/2019	10/18/2021	\$ 250,000	\$ 251,005	\$ 250,000	2.40%
Wells Fargo Bank	949763NP7	2/14/2018	2/14/2022	\$ 250,000	\$ 252,293	\$ 250,000	2.60%
Merrick Bank	59013J7H6	4/18/2019	4/18/2022	\$ 250,000	\$ 251,355	\$ 250,000	2.45%
TIAA Bank	87270LBY8	4/17/2019	10/17/2022	\$ 250,000	\$ 252,372	\$ 250,000	2.65%
Eaglebank	27002YEJ1	4/18/2019	10/18/2022	\$ 250,000	\$ 251,585	\$ 250,000	2.55%
Sallie Mae Bank	795450K53	2/8/2018	2/8/2023	\$ 250,000	\$ 251,805	\$ 250,000	2.65%
Goldman Sachs	38148PXW2	2/14/2018	2/14/2023	\$ 250,000	\$ 252,205	\$ 250,000	2.70%
Mainstreet Bank	56065GAE8	4/26/2019	4/26/2023	\$ 250,000	\$ 250,452	\$ 250,000	2.55%
Citibank National Association	17312QL98	5/23/2018	5/23/2023	\$ 250,000	\$ 256,275	\$ 250,000	3.20%
Morgan Stanley Private Bank	61760AYR4	4/11/2019	4/11/2024	\$ 250,000	\$ 251,823	\$ 250,000	2.80%
Comenity Capital Bank	20033AU38	4/15/2019	4/15/2024	\$ 250,000	\$ 251,825	\$ 250,000	2.80%
JPMorgan Chase Bank	48128HSK5	4/17/2019	4/17/2024	\$ 250,000	\$ 251,298	\$ 250,000	2.80%
Suntrust Bank	86789VYH4	4/26/2019	4/26/2024	\$ 250,000	\$ 251,822	\$ 250,000	2.80%
Federal Agency							
Freddie Mac	3134G9GZ4	5/25/2016	11/25/2019	\$ 1,000,000	\$ 996,510	\$ 1,000,000	1.30%
Current Portfolio Holdings as of June 30, 2019				\$39,246,995	\$39,264,915	\$39,246,995	
Matured Investment as of June 30, 2019							
Negotiable CD							
None.							
Additional Investment as of June 30, 2019							
Negotiable CD							
Morgan Stanley NA Bank	61690UHB9	6/6/2019	6/6/2024	\$ 250,000	\$ 250,535	\$ 250,000	2.70%
Ally Bank	02007GKC6	6/6/2019	6/6/2022	\$ 250,000	\$ 251,710	\$ 250,000	2.50%
Medallion Bank	58404DEL1	6/11/2019	12/11/2023	\$ 250,000	\$ 247,900	\$ 250,000	2.40%
Great Southern Bank	39120VSK1	6/28/2019	12/28/2022	\$ 250,000	\$ 250,000	\$ 250,000	2.50%
Total Portfolio As of June 30, 2019				\$40,246,995	\$40,265,060	\$40,246,995	

All current District investment activities and all components of the investment portfolio complies, in all respects, with the District's Investment Policy. The District will be able to meet its expenditure obligations for the next six months, as required by CGC Section 53646(b)(2) and (3), respectively.

D. FISCAL IMPACT

As of June 30, 2019, the District's total cash and investments are \$40.2 million of which 17% or \$7.0 million are invested in negotiable CDs or federal agencies (Freddie Mac). Current rates from LAIF are 2.45%. All of the transactions in the investment portfolio carry interest rates from 1.30% to 3.2%.

E. ENVIRONMENTAL IMPACT

None.

F. ATTACHMENTS

None.