

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: May 26, 2020

TO: BOARD OF DIRECTORS
Lake Arrowhead Community Services District

FROM: JOHN O'BRIEN, Finance Manager/Treasurer
CATHERINE CERRI, General Manager

SUBJECT: INVESTMENT TRANSACTIONS FOR APRIL 2020

A. RECOMMENDATION

Approve investment transactions for April 2020.

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. Interest rates have declined significantly over the past few months and has likewise affected yields on reinvestments.

The District had one CD mature and one CD called due to falling interest rates. The proceeds from these two bonds were immediately reinvested into two new CDs. The maturing CD had a stated interest rate of 1.90%, while the replacement CD has a stated interest rate of 1.68%. The called CD had a stated interest rate of 2.80%, while the replacement CD has a stated interest rate of 1.40%. 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 CD 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				\$ 7,382,391	\$ 7,382,391	\$ 7,382,391	
LAIF							
				\$ 27,766,292	\$ 27,766,292	\$ 27,766,292	1.65%
Negotiable CD's							
Capital One	140420YR5	5/4/2016	5/4/2020	\$ 250,000	\$ 250,033	\$ 250,000	1.35%
American Express Federal Savings Bank	02587CFZ8	9/6/2017	9/8/2020	\$ 250,000	\$ 251,453	\$ 250,000	1.95%
Synchrony Bank	87165EJL2	5/6/2016	5/6/2021	\$ 250,000	\$ 253,032	\$ 250,000	1.60%
East Boston Savings Bank	27113PCG4	2/8/2018	7/30/2021	\$ 250,000	\$ 255,455	\$ 250,000	2.30%
Capital One National Association	14042RHR5	9/1/2017	8/30/2021	\$ 250,000	\$ 255,460	\$ 250,000	2.20%
CF Bank Fairlawn Ohio	15721UDE6	10/12/2019	10/12/2021	\$ 250,000	\$ 253,825	\$ 250,000	1.65%
Pioneer Bank	723605AS0	4/17/2019	10/18/2021	\$ 250,000	\$ 256,592	\$ 250,000	2.40%
Wells Fargo Bank	949763NP7	2/14/2018	2/14/2022	\$ 250,000	\$ 258,628	\$ 250,000	2.60%
Merrick Bank	59013J7H6	4/18/2019	4/18/2022	\$ 250,000	\$ 258,575	\$ 250,000	2.45%
Ally Bank Midvale Utah	02007GKC6	6/6/2019	6/6/2022	\$ 250,000	\$ 259,322	\$ 250,000	2.50%
TIAA Bank	87270LBY8	4/17/2019	10/17/2022	\$ 250,000	\$ 261,635	\$ 250,000	2.65%
Eaglebank	27002YEJ1	4/18/2019	10/18/2022	\$ 250,000	\$ 261,015	\$ 250,000	2.55%
Great Southern Bank	39120VSK1	6/28/2019	12/28/2022	\$ 250,000	\$ 246,093	\$ 250,000	2.15%
Sallie Mae Bank	795450K53	2/8/2018	2/8/2023	\$ 250,000	\$ 262,835	\$ 250,000	2.65%
Goldman Sachs	38148PXW2	2/14/2018	2/14/2023	\$ 250,000	\$ 263,245	\$ 250,000	2.70%
Mainstreet Bank	56065GAE8	4/26/2019	4/26/2023	\$ 250,000	\$ 262,925	\$ 250,000	2.55%
Citibank National Association	17312QL98	5/23/2018	5/23/2023	\$ 250,000	\$ 268,122	\$ 250,000	3.20%
Medallion Bank	58404DEL1	6/11/2019	12/11/2023	\$ 250,000	\$ 264,245	\$ 250,000	2.40%
Morgan Stanley Private Bank	61760AYR4	4/11/2019	4/11/2024	\$ 250,000	\$ 269,430	\$ 250,000	2.80%
Comenity Capital Bank	20033AU38	4/15/2019	4/15/2024	\$ 250,000	\$ 269,475	\$ 250,000	2.80%
Suntrust Bank	86789VYH4	4/26/2019	4/26/2024	\$ 250,000	\$ 255,720	\$ 250,000	2.80%
Morgan Stanley NA Bank	61690UHB9	6/6/2019	6/6/2024	\$ 250,000	\$ 268,920	\$ 250,000	2.70%
Federal Agency							
Federal Farm Agency	3133ELAK0	11/25/2019	11/25/2022	\$ 1,000,000	\$ 1,007,160	\$ 1,000,000	1.68%
Current Portfolio Holdings as of April 30, 2020				\$ 41,648,683	\$ 41,861,878	\$ 41,648,683	
Matured Investment as of April 30, 2020							
Negotiable CD							
American Express	02587DY51	9/6/2017	3/6/2020	\$ 250,000	\$ 250,202	\$ 250,000	1.90%
JPMorgan Chase Bank	48128HSK5	4/17/2019	4/17/2024	\$ 250,000	\$ 251,072	\$ 250,000	2.80%
Additional Investment as of April 30, 2020							
Negotiable CD							
Celtic Bank Salt Lake City	15118RUV7	4/17/2020	4/17/2024	\$ 250,000	\$ 255,850	\$ 250,000	1.40%
BMW Bank North America	05580AWA8	3/31/2020	3/31/2023	\$ 250,000	\$ 254,748	\$ 250,000	1.68%
Total Portfolio As of April 30, 2020				\$ 42,148,683	\$ 42,372,476	\$ 42,148,683	

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 April 30, 2020, the District's total cash and investments are \$42.4 million of which 17% or \$7.2 million are invested in negotiable CDs or federal agencies. Current rates from LAIF are 1.65%. All of the instruments in the District's investment portfolio carry interest rates from 1.35% to 3.2%.

E. ENVIRONMENTAL IMPACT

None.

F. ATTACHMENTS

None.