

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: July 27, 2021

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 2021**

A. RECOMMENDATION

Approve investment transactions for June 2021.

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 in high quality corporate bonds. Interest rates have declined significantly over the past few months and has likewise affected yields on reinvestments.

The District purchased three high quality corporate bonds in the month of June 2021. The bonds yield an interest payment ranging from .75% to 1.05% annually. While this may appear to be a rather low nominal rate, it is quite attractive when compared to the current yield from LAIF of .26%. The District's current portfolio holds investments with up to a five-year maturity that reflects 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				\$ 6,907,622	\$ 6,907,622	\$ 6,907,622	
LAIF				\$28,001,495	\$ 28,001,495	\$28,001,495	0.26%
Negotiable CD's							
East Boston Savings Bank	27113PCG4	2/8/2018	7/30/2021	\$ 250,000	\$ 250,470	\$ 250,000	2.30%
Capital One National Association	14042RHR5	9/1/2017	8/30/2021	\$ 250,000	\$ 250,900	\$ 250,000	2.20%
CF Bank Fairlawn Ohio	15721UDE6	10/12/2019	10/12/2021	\$ 250,000	\$ 251,132	\$ 250,000	1.65%
Pioneer Bank	723605AS0	4/17/2019	10/18/2021	\$ 250,000	\$ 251,762	\$ 250,000	2.40%
Wells Fargo Bank	949763NP7	2/14/2018	2/14/2022	\$ 250,000	\$ 253,962	\$ 250,000	2.60%
Merrick Bank	59013J7H6	4/18/2019	4/18/2022	\$ 250,000	\$ 254,770	\$ 250,000	2.45%
Ally Bank Midvale Utah	02007GKC6	6/6/2019	6/6/2022	\$ 250,000	\$ 255,685	\$ 250,000	2.50%
TIAA Bank	87270LBY8	4/17/2019	10/17/2022	\$ 250,000	\$ 258,187	\$ 250,000	2.65%
Eaglebank	27002YEJ1	4/18/2019	10/18/2022	\$ 250,000	\$ 257,847	\$ 250,000	2.55%
Great Southern Bank	39120VSK1	6/28/2019	12/28/2022	\$ 250,000	\$ 247,780	\$ 250,000	2.15%
Sallie Mae Bank	795450K53	2/8/2018	2/8/2023	\$ 250,000	\$ 259,937	\$ 250,000	2.65%
Goldman Sachs	38148PXW2	2/14/2018	2/14/2023	\$ 250,000	\$ 260,232	\$ 250,000	2.70%
BMW Bank North America	05580AWA8	3/31/2021	3/31/2023	\$ 250,000	\$ 255,507	\$ 250,000	1.45%
Mainstreet Bank	56065GAE8	4/26/2019	4/26/2023	\$ 250,000	\$ 260,678	\$ 250,000	2.55%
Citibank National Association	17312QL98	5/23/2018	5/23/2023	\$ 250,000	\$ 264,200	\$ 250,000	3.20%
Medallion Bank	58404DEL1	6/11/2019	12/11/2023	\$ 250,000	\$ 263,027	\$ 250,000	2.40%
Morgan Stanley Private Bank	61760AYR4	4/11/2019	4/11/2024	\$ 250,000	\$ 267,382	\$ 250,000	2.80%
Comenity Capital Bank	20033AU38	4/15/2019	4/15/2024	\$ 250,000	\$ 267,422	\$ 250,000	2.80%
Celtic Bank Salt Lake City	15118RUV7	4/17/2021	4/17/2024	\$ 250,000	\$ 257,705	\$ 250,000	1.40%
Morgan Stanley NA Bank	61690UHB9	6/6/2019	6/6/2024	\$ 250,000	\$ 267,517	\$ 250,000	2.70%
Current Portfolio Holdings as of June 30, 2021				\$ 39,909,117	\$ 40,065,219	\$ 39,909,117	
Additional Investments for month ending June 30, 2021							
Corporate Bonds							
Citigroup Inc.	17298CKV9	6/8/2021	12/8/2025	\$ 1,000,000	\$ 963,450	\$ 1,000,000	1.00%
JPMorgan Chase & Co.	48128G4B3	6/22/2021	12/22/2025	\$ 1,000,000	\$ 991,750	\$ 1,000,000	0.75%
TD Bank Co.	89114TK84	6/16/2021	3/16/2026	\$ 1,000,000	\$ 994,078	\$ 1,000,000	1.05%
Total Portfolio As of June 30, 2021				\$ 42,909,117	\$ 43,014,497	\$ 42,909,117	

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, 2021, the District's total cash and investments are \$43 million of which 18% or \$8.1 million are invested in negotiable CDs or corporate bonds. Current rates from LAIF are .26%. All of the instruments in the District's investment portfolio carry interest rates from .75% to 3.2%.

E. ENVIRONMENTAL IMPACT

None.

F. ATTACHMENTS

None.