



**EAST VALLEY WATER DISTRICT**  
LEADERSHIP • PARTNERSHIP • STEWARDSHIP

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**BOARD AGENDA STAFF REPORT**

Agenda Item #5.e.  
Meeting Date: October 26, 2016  
Consent Item

**To:** Governing Board Members  
**From:** General Manager/CEO

**Subject:** Investment Report for Quarter Ended September 30, 2016

**RECOMMENDATION:**

Staff recommends that the Board of Directors accept and file the attached Investment Report for the quarter ended, September 30, 2016.

**BACKGROUND / ANALYSIS:**

California Government Code §53646(b) requires the Treasurer or CFO of a local agency to submit a quarterly report on the agency's investments to the legislative body of the agency within 30 days of the end of each quarter.

**Discussion**

The attached schedule shows all of the District's cash and investments, restricted and unrestricted, as of September 30, 2016. Attachment A shows the investment securities purchased and retired during the quarter July to September 2016. Increases and decreases in highly liquid funds, such as LAIF, are explained in the narrative below.

**Unrestricted Investments**

**LAIF**

The balance held in the Local Agency Investment Fund at the beginning of the quarter was \$11,639,816. The District made one withdrawal for \$1,600,000 in September to cover debt service payments in September and October for the 2010 and 2013 bonds, and for the US Bank loan. In addition, interest earned during last quarter of \$18,014 was posted to the account in July, resulting in an ending balance of \$10,057,830.

LAIF earnings for the quarter ended September 30th were \$17,336, calculated at an apportionment rate of 0.60%; up from 0.55% which had been in effect for the previous quarter. The earnings were posted to the District's account on October 15th, 2016.

**Citizen's Business Bank (CBB) Wealth Management**

The total (book) value of the assets held with CBB increased \$6,274 to \$5,550,359 during the quarter ended 9/30/16. The balance in this account is held both in a money market account (\$229,549) and in a portfolio of Treasury and federal agency securities shown on Attachment A.

Net interest payments received on securities in the District's portfolio were \$10,784 and funds held in money market accounts earned \$617. Earnings were offset by a \$3,034 amortization charge against premiums paid on the acquisition of certain bonds, and investment manager fees paid during the quarter were \$2,093.

There were no District transfers to or from this investment account during the quarter.

The following schedule summarizes the activity for Unrestricted Investments during the Quarter ended September 30, 2016:

<u>Account</u>	<u>Beg Bal</u>	<u>Deposits/ (Withdrawals)</u>	<u>Earnings</u>	<u>Transfers</u>	<u>Fees/Premium Amortization</u>	<u>Ending Balance</u>
LAIF	\$11,639,816	\$ (1,600,000)	\$ 18,014	\$ -	\$ -	\$10,057,830
CBB Wealth Mgt	5,544,085	-	11,401	-	(5,127)	5,550,359

### **Restricted Investments**

Trust accounts with Union Bank are used to safeguard funds which are restricted by bond covenants. The remaining accounts at Union Bank are used to receive District deposits, from which the Trustee pays District bondholders.

Semiannual bond payment dates are April 1<sup>st</sup> and October 1<sup>st</sup>.

#### Summary Schedule of Union Bank Trustee Accounts

The following schedule summarizes activity in the Union Bank accounts for the Quarter ended September 30, 2016:

<u>2010 Accounts</u>	<u>Beg Bal</u>	<u>District Deposits</u>	<u>Earnings</u>	<u>Transfers</u>	<u>Withdrawals/ Payments</u>	<u>Ending Balance</u>
Revenue Fd	\$ -	\$2,000,405	\$ -	\$ -	\$ -	\$2,000,405
Interest Acct	1	-	-	-	-	1

<u>2013 Accounts</u>	<u>Beg Bal</u>	<u>District Deposits</u>	<u>Earnings</u>	<u>Transfers</u>	<u>Withdrawals/ Payments</u>	<u>Ending Balance</u>
Revenue Fd	-	292,549	-	-	-	292,549
Interest Acct	13	-	-	-	-	13

### **AGENCY IDEALS AND ENDEAVORS:**

Ideals and Endeavor II - Maintain An Environment Committed To Elevated Public Service

(E) - Practice transparent and accountable fiscal management

### **FISCAL IMPACT:**

There is no fiscal impact associated with this agenda item.

Recommended by:

John Mura  
General Manager/CEO

Respectfully submitted:

Brian Tompkins  
Chief Financial Officer

**ATTACHMENTS:**

Description	Type
Investment Report for the Quarter Ended September 30, 2016	Backup Material
Attachment A - CBB Investment Activity Report Quarter Ended September 30, 2016	Backup Material

**EAST VALLEY WATER DISTRICT  
INVESTMENT REPORT  
QUARTER ENDED  
September 30, 2016**

		<u>Funds Managed By</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Source of Valuation</u>
<b>Funds Held by EVWD</b>									
Cashiers change fund		District	N/A	N/A	N/A	750.00	750.00	750.00	N/A
Petty Cash / Kiosk Cash		District	N/A	N/A	N/A	10,000.00	10,000.00	10,000.00	N/A
Checking account	Citizens Business Bank	District	N/A	N/A	N/A	45,302.04	45,302.04	45,302.04	N/A
<b>Funds Held by EVWD Under Management of an Outside Party</b>									
<b>Local Agency Investment Fund (LAIF)(Yield)</b>		State of California	N/A	N/A	0.600%	10,057,829.77	10,057,829.77	10,057,829.77	LAIF
<b>Citizens Business Bank</b>									
US Treasury / Agency Bonds		CBB Wealth Mgt		See Attached		5,317,005.00	5,320,809.56	5,324,921.62	Interactive Data
CBB Money Market Fund	CBB Money Market Fund	CBB Wealth Mgt	N/A	N/A	0.200%	229,549.22	229,549.22	229,549.22	N/A
<b>Union Bank (2010 Refunding Revenue Bond Trustee)</b>									
Revenue Fund	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.010%	2,000,404.89	2,000,404.89	2,000,404.89	Union Bank
Interest Account	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.010%	1.36	1.36	1.36	Union Bank
<b>Union Bank (2013 Revenue Bond Trustee)</b>									
Revenue Fund	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.010%	292,549.05	292,549.05	292,549.05	Union Bank
Interest Account	BlackrockT-Fund Inst Shares	Union Bank	N/A	N/A	0.010%	13.45	13.45	13.45	Union Bank
<b>Total Cash and Investments</b>						<u>17,953,404.78</u>	<u>17,957,209.34</u>	<u>17,961,321.40</u>	

<u>SUMMARY</u>	<u>Book Value</u>	<u>Market Value</u>	<u>%</u>
Cash	56,052.04	56,052.04	0.31%
LAIF	10,057,829.77	10,057,829.77	56.00%
Treasury/Agency Securities	5,320,809.56	5,324,921.62	29.65%
Money Market Treasury Funds	2,522,517.97	2,522,517.97	14.04%
<b>Total Cash and Investments</b>	<u>17,957,209.34</u>	<u>17,961,321.40</u>	<u>100.00%</u>
Less: Funds restricted for Capital Improvements	-	-	0.00%
Less: Funds restricted for Bond debt service	(2,292,968.75)	(2,292,968.75)	-12.77%
Less: Restricted Capacity Fees	(1,900,788.00)	(1,900,788.00)	-10.58%
Less: Customer / Construction Deposits	(1,611,819.00)	(1,611,819.00)	-8.97%
Less: Funds designated for rate stabilization	(268,447.00)	(268,447.00)	-1.49%
Less: Funds designated for emergency reserve	(2,186,450.00)	(2,186,450.00)	-12.17%
<b>Total Unrestricted / Undesignated Cash and Investments</b>	<u>9,696,736.59</u>	<u>9,700,848.65</u>	<u>54.02%</u>

*I certify that this report accurately reflects all pooled investments and is in compliance with California Government Code Sec. 53646 as amended 1/1/96. This report is also in conformity with the investment policy of East Valley Water District. As Treasurer of East Valley Water District, I hereby certify that sufficient investment liquidity and anticipated revenue are available to meet the next six month's estimated expenditures.*

  
\_\_\_\_\_  
Signature

10/17/16

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Date

**EAST VALLEY WATER DISTRICT**  
**Investment Activity**  
**Quarter Ended September 30, 2016**

Purch Date	Issuer	CUSIP	Yield	Units / Face Value	Maturity Date	Activity (Book Value)				Market Value 09/30/2016
						Adjusted Cost 07/01/2016	Purchases	Matured / Called	Adjusted Cost 09/30/2016	
04/19/12	FHLB Series YP-2017	3133XNDB2	5.250%	25,005.01	06/15/17	28,464.82		839.89	27,624.93	25,664.78
01/27/16	Federal Home Loan Bank	3130A6XY8	2.000%	100,000	01/27/21	100,000.00			100,000.00	100,236.00
04/25/16	Federal Home Loan	3130A7J55	2.000%		04/29/21	100,000.00		100,000.00	-	
08/03/16	Federal Home Loan	3130A8WW9	1.300%	100,000	05/01/20	-	100,000.00		100,000.00	99,733.00
03/03/14	US Treasury Note	912828SY7	0.625%	300,000	05/31/17	297,937.50			297,937.50	300,060.00
10/19/15	Fannie Mae	3136G0S28	1.700%		10/23/20	354,645.00		354,645.00	-	
03/15/16	Fannie Mae	3136G3CK9	1.520%	300,000	06/15/20	299,745.00			299,745.00	300,102.00
07/28/16	Fannie Mae	3136G3J30	1.600%	100,000	07/28/21	-	100,000.00		100,000.00	99,871.00
11/30/15	Fannie Mae	3136G2UN5	1.500%	100,000	05/30/19	100,000.00			100,000.00	100,100.00
08/04/16	Fannie Mae	3136G3XV2		100,000	07/27/17	-	99,750.00		99,750.00	99,389.00
08/24/16	Fannie Mae	3135G0N66	1.400%	100,000	08/24/20	-	99,981.00		99,981.00	100,009.00
08/25/16	Fannie Mae	3136G3Y33	1.400%	300,000	08/25/21	-	300,000.00		300,000.00	300,036.00
10/27/15	Freddie Mac	3134G3F88	1.500%	100,000	08/28/19	100,881.00			100,881.00	101,334.00
10/28/15	Freddie Mac	3134G73K5	1.700%		10/28/20	99,950.00		99,950.00	-	
10/29/15	Freddie Mac	3134G7V65	1.450%		10/29/19	100,000.00		100,000.00	-	
10/29/15	Freddie Mac	3134G7S28	1.350%		04/29/19	100,000.00		100,000.00	-	
10/29/15	Freddie Mac	3134G72Q3	1.250%	200,000	04/29/19	200,000.00			200,000.00	200,018.00
10/29/15	Federal Home Loan	3130A6NA1	1.400%	100,000	10/29/19	100,000.00			100,000.00	99,670.00
11/17/15	Freddie Mac	3134G76G1	1.050%	300,000	05/17/18	300,000.00			300,000.00	299,931.00
11/30/15	Freddie Mac	3134G83X5	1.350%		11/26/18	200,000.00		200,000.00	-	
07/26/16	Freddie Mac	3134G9J40	1.000%	200,000	04/26/19	-	200,000.00		200,000.00	200,014.00
07/27/16	Freddie Mac	3134G9AF4	1.050%	320,000	04/26/19	-	319,968.00		319,968.00	320,115.20
08/25/16	Freddie Mac	3134G95L7	1.600%	200,000	08/25/21	-	200,000.00		200,000.00	199,770.00
09/20/16	Freddie Mac	3134GALQ5	1.300%	100,000	09/20/19	-	100,000.00		100,000.00	100,003.00
09/30/16	Freddie Mac	3134GAHK3	1.600%	200,000	09/30/21	-	200,000.00		200,000.00	200,192.00
08/27/14	Tenn Valley Authority	880591EQ1	1.750%	272,000	10/15/18	274,769.92			274,769.92	276,588.64
11/23/12	US Treasury Note	912828MA5	2.750%	500,000	11/30/16	503,829.90			503,829.90	502,025.00
06/14/16	Federal Home Loan Bank	3130A8EN9	1.640%	100,000		100,000.00			100,000.00	100,021.00

# EAST VALLEY WATER DISTRICT

## Investment Activity

Quarter Ended September 30, 2016

Purch Date	Issuer	CUSIP	Yield	Units / Face Value	Maturity Date	Activity (Book Value)				Market Value 09/30/2016
						Adjusted Cost 07/01/2016	Purchases	Matured / Called	Adjusted Cost 09/30/2016	
08/13/13	Federal Farm Credit Bank	3133ECWV2	0.300%	200,000	12/07/16	199,660.00			199,660.00	200,224.00
12/02/13	US Treasury Note	912828UE8	0.750%	500,000	12/31/17	497,612.31			497,612.31	500,215.00
05/27/16	Fannie Mae	3136G15S4	1.250%	200,000	12/27/19	199,250.00			199,250.00	200,072.00
08/30/16	Fannie Mae	3136G35C5	1.400%	100,000	08/25/21	-	100,000.00		100,000.00	99,834.00
10/29/15	Freddie Mac	3134G7U82	1.750%		10/29/20	499,900.00		499,900.00	-	-
05/18/16	Freddie Mac	3134G9DS3	1.750%		02/18/21	200,000.00		200,000.00	-	-
08/25/16	Freddie Mac	3134G93Q8	1.680%	200,000	08/25/21	-	199,800.00		199,800.00	199,694.00
				<u>5,317,005</u>		<u>4,956,645.45</u>	<u>2,019,499.00</u>	<u>1,655,334.89</u>	<u>5,320,809.56</u>	<u>5,324,921.62</u>