



# City of Laguna Beach

# Investment Report

## February 2015

Honorable Mayor and Members of the City Council,

**The requested monthly Investment Report follows. The investment portfolio is in conformity with California laws but not in conformity with the Investment Policy which is approved annually by the City Council. A March 2015 third party review of the holdings revealed that there were two Certificates of Deposit (CDs) with different names but the same FDIC number. The CD that was purchased with the identical FDIC number was not fully insured.**

**The second CD was sold at par in March 2015 with an April 2, 2015 settlement. The accrued interest was received and the investment was replaced with a higher yielding CD that was FDIC insured. The sale brought the portfolio into conformity with the Investment Policy.**

**The Treasurer's cash management program provides sufficient liquidity to meet expenditure requirements for the next six months.**

Respectfully submitted,

A handwritten signature in blue ink that reads "Laura Parisi".

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**Laura Parisi, CPA, CCMT, CFIP**  
City Treasurer

**City of Laguna Beach**  
**City Treasurer Monthly Report - Unaudited**  
**For the Month of February 2015**

**Cash Activity for the Month**

Cash and investments, beginning of month	\$	82,084,512.84
Cash receipts		2,970,396.93
Cash disbursements		<u>(6,500,829.37)</u>
<b>Cash and investments, end of month</b>	<b>\$</b>	<b><u>78,554,080.40</u></b>

**Cash and Investment Portfolio at Month-End**

	<u>Current Year</u>				<u>Prior Year</u>
	<u>Market Value</u>	<u>Cost</u>	<u>Pct of Total</u>	<u>Avg Return</u>	<u>Cost</u>
<b>Long-term investments:</b>					
Federal agency securities	\$ 47,801,729.74	\$ 47,985,250.00	61%	1.05%	\$ 41,244,460.00
Medium-term corporate notes	4,164,116.80	4,111,475.00	5%	1.45%	5,114,055.00
Negotiable Certificates of Deposit - FDIC insured (b).	5,748,597.66	5,738,000.00	7%	1.56%	4,491,000.00
Municipal bond	<u>1,849,133.30</u>	<u>1,837,080.00</u>	2%	2.04%	-
Subtotal	<u>59,563,577.50</u>	<u>59,671,805.00</u>	76%	1.15%	<u>50,849,515.00</u>
<b>Short-term investments:</b>					
State Local Agency Investment Fund	12,283,372.44	12,283,613.44	16%	0.27%	14,372,910.03
Certificates of Deposit - negotiable and local banks	1,248,710.00	1,248,000.00	2%	0.36%	2,999,000.00
Medium-term corporate notes	<u>2,013,610.00</u>	<u>2,002,580.00</u>	3%	1.45%	-
Subtotal	<u>15,545,692.44</u>	<u>15,534,193.44</u>	20%	0.43%	<u>17,371,910.03</u>
<b>Savings, checking and change funds</b>					
Savings accounts	204,057.30	204,057.30	0%	0.25%	187,009.24
Checking accounts	583,931.03	583,931.03	1%	Allowance (a).	274,251.45
Investment income in transit	126.89	126.89	0%	0.00%	-
Petty cash/change funds	<u>3,617.75</u>	<u>3,617.75</u>	0%	0.00%	<u>3,617.75</u>
Subtotal	<u>791,732.97</u>	<u>791,732.97</u>	1%	N.D.	<u>464,878.44</u>
<b>Trustee-held investments</b>					
	<u>2,556,348.99</u>	<u>2,556,348.99</u>	3%	0.27%	<u>702,429.52</u>
<b>Grand total - cash and investments</b>	<b>\$ <u>78,457,351.90</u></b>	<b>\$ <u>78,554,080.40</u></b>	<b>100%</b>		<b>\$ <u>69,388,732.99</u></b>

(a). The earnings allowance credit applies to funds held by Bank of America and partially offset the bank fees.

(b). At month end, there was one position \$245,000 that was uninsured and out of compliance with the Investment Policy. An issuer had changed its name and a second CD was purchased from the same issuer under a different name. The out of compliance investment was sold at par on April 2, 2015 to bring the portfolio back into compliance with the Investment Policy.

**Cash and Investment Custody (statements and reconciliations are available on request)**

Union Bank Institutional Custody	\$	62,578,004.39	\$	62,674,511.89	\$	53,350,515.00
California Local Agency Investment Fund		12,283,372.44		12,283,613.44		14,372,910.03
Bank of New York Trustee		2,556,348.99		2,556,348.99		702,429.52
Bank of America		787,988.33		787,988.33		461,260.69
Citizens Business Bank		248,000.00		248,000.00		248,000.00
Other local bank		0.00		0.00		250,000.00
Internal change funds		<u>3,617.75</u>		<u>3,617.75</u>		<u>3,617.75</u>
<b>Cash and investments total</b>	<b>\$</b>	<b><u>78,457,331.90</u></b>	<b>\$</b>	<b><u>78,554,080.40</u></b>	<b>\$</b>	<b><u>69,388,732.99</u></b>

**City of Laguna Beach**  
**Investment Portfolio Detail - Unaudited**  
February 28, 2015

	<b>Investment Type</b>	<b>S&amp;P Rating</b>	<b>Par Value</b>	<b>Market Value (a)</b>	<b>Purchase Price</b>	<b>Premium (Discount)</b>	<b>Purchase or Dated</b>	<b>Maturity Date</b>	<b>Coupon Rate</b>	<b>Purchase Yield (b)</b>	<b>Current Yield (a)</b>	<b>Days to Maturity</b>
(1)	State Investment Pool (LAIF)	NR	\$ 12,283,613.44	\$ 12,283,372.44	\$ 12,283,613.44	\$		Today	0.27%	0.27%	0.27%	Today
(2)	CD Investment in Local Banks	NR	248,000.00	248,000.00	248,000.00		09/20/13	09/20/15	0.35%	0.35%	0.35%	203
(3)	CD Medallion Bank UT	NR	250,000.00	250,062.50	250,000.00		04/29/13	04/29/15	0.35%	0.35%	0.35%	60
(4)	CD Privatebank & Trust	NR	250,000.00	250,080.00	250,000.00		05/09/13	05/11/15	0.35%	0.35%	0.35%	72
(5)	CD Tennessee State Bank	NR	250,000.00	250,095.00	250,000.00		05/20/13	05/20/15	0.30%	0.30%	0.30%	81
(6)	Corp Bank of New York Melon	A+	1,000,000.00	1,001,620.00	1,002,580.00	2,580.00	02/13/13	10/23/15	0.70%	0.60%	0.70%	237
(7)	Corp General Electric Capital Corp	AA+	1,000,000.00	1,011,990.00	1,000,000.00		08/09/11	11/09/15	2.25%	2.25%	2.21%	254
(8)	CD Key Bank	NR	250,000.00	250,472.50	250,000.00		05/08/13	11/09/15	0.45%	0.45%	0.45%	254
(9)	CD Ally Bank	NR	249,000.00	248,469.63	249,000.00		03/05/14	03/07/16	0.45%	0.45%	0.45%	373
(10)	CD Paragon Comm Bank	NR	249,000.00	248,434.77	249,000.00		03/13/14	03/14/16	0.45%	0.45%	0.45%	380
(11)	CD First Nat Bk WI	NR	249,000.00	249,124.50	249,000.00		03/14/14	03/14/16	0.45%	0.45%	0.45%	380
(12)	Corp General Electric Capital Corp	AA+	1,000,000.00	1,026,960.00	1,000,000.00		08/26/11	05/09/16	2.95%	2.95%	2.87%	436
(13)	CD Eaglebank	NR	249,000.00	250,553.76	249,000.00		11/21/12	05/20/16	0.65%	0.65%	0.65%	447
(14)	CD Georgia Bk & Tr	NR	249,000.00	250,556.25	249,000.00		11/21/12	05/20/16	0.50%	0.50%	0.50%	447
(15)	CD Lakeside Bank Chicago IL	NR	250,000.00	249,720.00	250,000.00		08/12/14	08/12/16	0.80%	0.80%	0.80%	531
(16)	Agency Federal Natl Mtg Assn	AA+	1,000,000.00	998,810.00	1,000,000.00		05/15/13	08/15/16	0.50%	0.50%	0.50%	534
(17)	CD Discover Bank Greenwood DEL	NR	250,000.00	249,597.50	250,000.00		08/12/14	08/15/16	0.85%	0.85%	0.85%	534
(18)	CD Goldman Sachs Bank NY	NR	250,000.00	249,705.00	250,000.00		08/12/14	08/15/16	0.80%	0.80%	0.80%	534
(19)	CD Peoples United Bank	NR	250,000.00	249,597.50	250,000.00		08/12/14	08/15/16	0.85%	0.85%	0.85%	534
(20)	CD Heritage Bank Com	NR	249,000.00	250,663.32	249,000.00		11/27/12	08/26/16	0.60%	0.60%	0.59%	545
(21)	Agency Federal Home Loan Bank	AA+	1,000,000.00	999,820.00	1,000,000.00		10/24/12	10/24/16	0.60%	0.60%	0.60%	604
(22)	CD Everbank Jacksonville Fla	NR	250,000.00	251,812.50	250,000.00		10/31/12	10/31/16	0.90%	0.90%	0.89%	611
(23)	CD Abacus Federal Savings	NR	249,000.00	247,286.88	249,000.00		11/28/12	11/28/16	0.60%	0.60%	0.61%	639
(24)	CD Bank of Baroda	NR	250,000.00	250,760.00	250,000.00		12/13/13	12/13/16	1.00%	1.00%	1.00%	654
(25)	CD Merrick Bank	NR	250,000.00	250,740.00	250,000.00		12/17/13	12/19/16	0.85%	0.85%	0.85%	660
(26)	CD First Priority Bank	NR	250,000.00	250,707.50	250,000.00		12/27/13	12/27/16	0.80%	0.80%	0.80%	668
(27)	Agency Federal Natl Mtg Assn	AA+	1,000,000.00	1,001,090.00	1,000,000.00		12/30/13	12/30/16	0.80%	0.80%	0.80%	671
(28)	CD Comenity Capital Bank (see Note)	NR	250,000.00	250,545.00	250,000.00		01/03/14	01/03/17	0.85%	0.85%	0.85%	675
(29)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	998,840.00	998,000.00	(2,000.00)	10/29/12	01/11/17	0.64%	0.69%	0.64%	683
(30)	Agency Federal Farm Credit Bank	AA+	2,000,000.00	1,993,120.00	2,000,000.00		02/13/13	02/13/17	0.79%	0.79%	0.79%	716
(31)	CD Capital Bank FL	NR	249,000.00	248,280.39	249,000.00		09/19/14	03/20/17	1.05%	1.05%	1.05%	751
(32)	CD Flushing Bank	NR	249,000.00	248,302.80	249,000.00		09/25/14	03/24/17	1.10%	1.10%	1.10%	755
(33)	Agency Federal Home Loan Bank	AA+	1,000,000.00	1,000,560.00	1,000,000.00		03/27/14	03/27/17	1.00%	1.00%	1.00%	758
(34)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	994,880.00	1,000,000.00		05/01/13	05/01/17	0.69%	0.69%	0.69%	793
(35)	CD Sterling Savings Bank	NR	250,000.00	250,205.00	250,000.00		05/03/13	05/03/17	0.65%	0.65%	0.65%	795
(36)	Agency Federal Home Loan Bank	AA+	1,000,000.00	993,960.00	1,000,000.00		11/22/12	05/08/17	0.74%	0.74%	0.74%	800
(37)	Agency Federal Natl Mtg Assn	AA+	1,000,000.00	991,310.00	1,000,000.00		05/22/13	05/22/17	0.70%	0.70%	0.71%	814
(38)	CD Independent Bank	NR	250,000.00	248,752.50	250,000.00		11/26/14	05/26/17	0.85%	0.85%	0.85%	818
(39)	Agency Federal Home Ln Mtg Corp	AA+	1,000,000.00	1,000,240.00	1,000,000.00		06/16/14	06/16/17	1.00%	1.00%	1.00%	839
(40)	Agency Federal Home Ln Mtg Corp	AA+	1,000,000.00	996,860.00	1,000,000.00		12/27/12	06/27/17	0.75%	0.75%	0.75%	850
(41)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	997,610.00	1,000,000.00		07/11/12	07/10/17	1.04%	1.04%	1.04%	863
(42)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	1,000,050.00	1,000,000.00		07/25/12	07/24/17	0.97%	0.97%	0.97%	877
(43)	Corp Pepsico Inc	A-	1,110,000.00	1,114,306.80	1,118,325.00	8,325.00	01/07/13	08/13/17	1.25%	1.08%	1.25%	897
(44)	Agency Federal Natl Mtg Assn	AA+	1,250,000.00	1,249,612.50	1,250,000.00		01/26/15	08/28/17	1.10%	1.10%	1.10%	912
(45)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	996,900.00	999,000.00	(1,000.00)	09/05/12	09/05/17	0.97%	1.01%	0.99%	920
(46)	Agency Federal Farm Credit Bank	AA+	2,000,000.00	2,000,100.00	1,999,250.00	(750.00)	09/18/12	09/05/17	0.97%	0.98%	0.97%	920
(47)	CD State Bank of India	NR	249,000.00	248,270.43	249,000.00		09/11/14	09/11/17	1.40%	1.40%	1.40%	926
(48)	CD Bank Hapoalim	NR	249,000.00	247,986.57	249,000.00		09/15/14	09/15/17	1.30%	1.30%	1.31%	930
(49)	CD Gold Coast Bank	NR	250,000.00	252,647.50	250,000.00		09/19/12	09/19/17	1.00%	1.00%	0.99%	934
(50)	CD World Financial Capital (See Note)	NR	245,000.00	247,643.55	245,000.00		09/27/12	09/21/17	1.05%	1.05%	1.04%	936
(51)	Agency Federal Natl Mtg Assn	AA+	1,000,000.00	997,600.00	1,000,000.00		09/27/12	09/27/17	1.00%	1.00%	1.00%	942
(52)	CD MUFJ Union Bank	NR	250,000.00	250,000.00	250,000.00		09/30/14	09/29/17	1.25%	1.25%	1.25%	944
(53)	CD American Express Centurion	NR	250,000.00	252,152.50	250,000.00		10/04/12	10/04/17	1.55%	1.55%	1.54%	949

**City of Laguna Beach**  
**Investment Portfolio Detail - Unaudited**  
**February 28, 2015**

	<b>Investment Type</b>	<b>S&amp;P Rating</b>	<b>Par Value</b>	<b>Market Value (a)</b>	<b>Purchase Price</b>	<b>Premium (Discount)</b>	<b>Purchase or Dated</b>	<b>Maturity Date</b>	<b>Coupon Rate</b>	<b>Purchase Yield (b)</b>	<b>Current Yield (a)</b>	<b>Days to Maturity</b>
(54)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	993,490.00	1,000,000.00		10/10/12	10/10/17	0.90%	0.90%	0.91%	955
(55)	Agency Federal Natl Mtg Assn	AA+	1,000,000.00	993,930.00	1,000,000.00		10/18/12	10/18/17	0.87%	0.87%	0.88%	963
(56)	Agency Federal Natl Mtg Assn	AA+	1,000,000.00	990,790.00	1,000,000.00		10/25/12	10/25/17	0.90%	0.90%	0.90%	970
(57)	CD Capital One Bank	NR	250,000.00	248,837.50	250,000.00		11/26/14	11/27/17	1.35%	1.35%	1.35%	1,003
(58)	Agency Federal Home Ln Mtg Corp	AA+	1,000,000.00	996,710.00	1,000,000.00		12/11/12	12/11/17	1.00%	1.00%	1.00%	1,017
(59)	Agency Federal Home Loan Bank	AA+	1,000,000.00	990,350.00	1,000,000.00		12/28/12	12/28/17	0.84%	0.84%	0.84%	1,034
(60)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	994,460.00	999,000.00	(1,000.00)	01/22/13	01/22/18	0.94%	0.96%	0.95%	1,059
(61)	Agency Federal Home Loan Bank	AA+	1,000,000.00	993,110.00	999,750.00	(250.00)	01/30/13	01/30/18	1.00%	1.01%	1.01%	1,067
(62)	Agency Federal Natl Mtg Assn	AA+	1,000,000.00	993,590.00	999,750.00	(250.00)	01/30/13	01/30/18	1.02%	1.03%	1.03%	1,067
(63)	Agency Federal Natl Mtg Assn Step	AA+	1,000,000.00	998,850.00	1,000,000.00		01/30/13	01/30/18	0.75%	0.75%	0.75%	1,067
(64)	Agency Federal Home Loan Bank	AA+	1,000,000.00	991,340.00	1,000,000.00		02/05/13	02/05/18	1.00%	1.00%	1.01%	1,073
(65)	Agency Federal Home Loan Bank	AA+	1,000,000.00	993,940.00	1,000,000.00		02/08/13	02/08/18	1.05%	1.05%	1.06%	1,076
(66)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	999,540.00	1,000,000.00		02/20/13	02/20/18	1.12%	1.12%	1.12%	1,088
(67)	Agency Federal Home Loan Bank	AA+	2,000,000.00	1,989,700.00	2,000,000.00		02/22/13	02/22/18	1.15%	1.15%	1.16%	1,090
(68)	Agency Federal Natl Mtg Assn	AA+	1,000,000.00	993,600.00	1,000,000.00		02/22/13	02/22/18	1.20%	1.20%	1.21%	1,090
(69)	Agency Federal Natl Mtg Assn Step	AA+	1,000,000.00	999,150.00	1,000,000.00		02/28/13	02/28/18	1.00%	1.00%	1.00%	1,096
(70)	Agency Federal Home Ln Mtg Corp	AA+	1,000,000.00	995,420.00	1,000,000.00		04/25/13	04/25/18	1.15%	1.15%	1.16%	1,152
(71)	CD Washington Tr	NR	250,000.00	248,100.00	250,000.00		12/15/14	06/15/18	1.40%	1.40%	1.40%	1,203
(72)	Agency Federal Home Ln Mtg Corp	AA+	1,000,000.00	999,040.00	999,750.00	(250.00)	12/19/14	06/19/18	1.50%	1.51%	1.50%	1,207
(73)	Agency Federal Home Loan Bank	AA+	1,000,000.00	993,950.00	1,000,000.00		01/28/15	06/20/18	1.20%	1.20%	1.21%	1,208
(74)	CD 1st Source Bank South Bend Ind	NR	245,000.00	243,062.05	245,000.00		12/23/14	07/23/18	1.45%	1.45%	1.45%	1,241
(75)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	999,390.00	1,000,000.00		02/13/15	08/13/18	1.33%	1.33%	1.33%	1,262
(76)	CD Sallie Mae	NR	250,000.00	248,605.00	250,000.00		10/22/14	10/22/18	1.90%	1.90%	1.91%	1,332
(77)	CD American Express	NR	250,000.00	248,597.50	250,000.00		10/23/14	10/23/18	1.95%	1.95%	1.96%	1,333
(78)	Corp Microsoft	AAA	1,000,000.00	1,010,860.00	993,150.00	(6,850.00)	12/11/13	12/06/18	1.63%	1.77%	1.61%	1,377
(79)	CD Barclays Bank	NR	250,000.00	247,992.50	250,000.00		12/17/14	12/17/18	1.85%	1.85%	1.85%	1,388
(80)	Agency Federal Home Ln Mtg Corp	AA+	1,000,000.00	1,001,070.00	999,750.00	(250.00)	12/27/13	12/27/18	1.85%	1.86%	1.85%	1,398
(81)	Muni California State - Taxable	A	1,000,000.00	1,017,880.00	1,007,080.00	7,080.00	05/02/14	05/01/19	2.25%	2.10%	2.21%	1,523
(82)	Agency Federal Home Loan Bank	AA+	1,000,000.00	997,720.00	1,000,000.00		06/10/14	06/10/19	1.80%	1.80%	1.80%	1,563
(83)	Muni Univ California - Taxable	AA	830,000.00	831,253.30	830,000.00		01/29/15	07/01/19	1.80%	1.80%	1.79%	1,584
(84)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	992,340.00	1,000,000.00		01/27/15	07/22/19	1.72%	1.72%	1.73%	1,605
(85)	CD FSG Bank Chattanooga TN	NR	250,000.00	250,282.50	250,000.00		02/11/15	10/11/19	1.50%	1.50%	1.50%	1,686
(86)	Agency Federal Natl Mtg Assn	AA+	1,000,000.00	1,004,630.00	1,000,000.00		12/30/14	12/30/19	2.00%	2.00%	1.99%	1,766
(87)	Agency Federal Farm Credit Bank	AA+	1,000,000.00	990,810.00	1,000,000.00		01/23/15	01/23/20	1.85%	1.85%	1.87%	1,790
(88)	Agency Federal Home Ln Mtg Corp Step	AA+	1,000,000.00	984,430.00	1,000,000.00		02/27/15	02/27/20	1.60%	1.60%	1.63%	1,825
(89)	Agency Federal Home Loan Bank	AA+	1,000,000.00	1,002,670.00	1,000,000.00		02/27/15	02/27/20	2.05%	2.05%	2.05%	1,825
(90)	CD Synchrony Bank	NR	250,000.00	248,942.50	250,000.00		01/30/15	01/30/20	1.80%	1.80%	1.80%	1,797
(91)	<b>Total Investments</b>		<b>\$ 75,200,613.44</b>	<b>\$ 75,109,269.94</b>	<b>\$ 75,205,998.44</b>	<b>\$ 5,385.00</b>		<b>Averages</b>		<b>1.00%</b>	<b>1.00%</b>	<b>826</b>
								<b>2 Year Treasury Bill</b>			<b>0.63%</b>	

Note: Comenity Capital Bank CD was sold in March and settled April 2, 2015 because it has the same FDIC number as the World Financial Capital CD (line 50). The FDIC insurance limit was exceeded. On March 27, it was replaced with a BMW Bank CD (yield 1.15%) that will mature on March 27, 2018. The portfolio returned to conformity with the Investment Policy on April 2, 2015.

(92)	Investment income in transit		126.89	126.89								
(93)	Savings, checking and change funds		791,606.08	791,606.08								
(94)	Trustee-held investments		2,556,348.99	2,556,348.99								
(95)	<b>Grand total - cash and investments</b>		<b>\$ 78,457,351.90</b>	<b>\$ 78,554,080.40</b>								

(a) Provided by Union Bank, Institutional Custody at month end excluding LAIF and local CDs.

(b) Provided by Bloomberg at the time of purchase.