

Staff Report

Regular Board Meeting

TO: Governing Board Members

FROM: General Manager/CEO

SUBJECT: Approve Investment Report for Quarter Ended September 30, 2021

RECOMMENDATION

Staff recommends that the Board of Directors accept and file the attached Investment Report for the quarter ended, September 30, 2021.

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.

The attached Investment Report shows all the District's cash and investments, restricted and unrestricted, as of September 30, 2021. Attachment A presents the investment securities purchased and retired during the quarter July to September 2021. 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 \$6,061,783. Interest earned during the previous quarter of \$4,949 was posted to the account in July and there were no transfers in or out of the LAIF account during the quarter. As a result, the balance in the account at the end of the quarter was \$6,066,732.

LAIF earnings for the quarter ended September 30, 2021 were \$3,694, calculated at an apportionment rate of 0.24%; down from 0.33% which had been in effect for the previous quarter. The earnings were posted to the District's account on October 15, 2021.

Citizen's Business Bank (CBB) Wealth Management

The total (book) value of the assets held with CBB increased \$8,736 to \$5,914,674 during the quarter ended September 30, 2021. The balance in this account is held both

in a money market account (\$2,041,840) and in a \$3,872,834 portfolio of Treasury and federal agency securities shown on Attachment A.

Net interest payments received on securities in the District’s portfolio were \$13,137 and funds held in money market accounts earned \$89.

Investment manager fees paid during the quarter were \$2,241. Earnings were decreased by a \$2,249 amortization of premiums paid on the acquisition of a high yield Tennessee Valley Authority bond.

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, 2021:

<u>Account</u>	<u>Beg Bal</u>	<u>Deposits/ (Withdrawals)</u>	<u>Earnings</u>	<u>Fees</u>	<u>Disc / Prem Amortization</u>	<u>Ending Balance</u>
LAIF	\$ 6,061,783	\$ -	\$ 4,949	\$ -	\$ -	\$ 6,066,732
CBB Wealth Mgt	5,905,938	-	13,226	(2,241)	(2,249)	5,914,674

Restricted Investments

On July 31st, 2021, the Districts bond trustee Union Bank completed the sale of its trust division to US Bank, which assumed all of the duties of trustee as the successor trustee for the 2020 bonds. Appointment of a successor trustee qualifies as a noticeable event under the 2020 bond Continuing Disclosure Certificate, so the District filed a notice (attached) using the Electronic Municipal Market Access (EMMA) system in accordance with SEC guidelines.

The accounts opened with Union Bank, and now open with US Bank, are used to receive District deposits, from which the Trustee (US Bank) pays District bondholders.

Semiannual bond payment dates are April 1st and October 1st.

Summary Schedule of Union Bank Trustee Accounts

The following schedule summarizes activity in the Union Bank / US Bank accounts for the Quarter ended September 30, 2021. District deposits into the accounts are in preparation for the October 1, 2021 payment to bondholders.

<u>2020A 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	\$ -	\$1,249,034	\$ -	\$ -	\$ -	\$1,249,034
Interest Acct	12,016	-	-	-	-	12,016

<u>2020B 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	\$ -	\$ 437,969	\$ -	\$ -	\$ -	\$ 437,969
Interest Acct	-	-	-	-	-	-

AGENCY GOALS AND OBJECTIVES

- II - Maintain a Commitment To Sustainability, Transparency, and Accountability
 - A. Practice Transparent and Accountable Fiscal Management

REVIEW BY OTHERS

This agenda item has been reviewed by the Finance Department.

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

1. Investment Report for the Quarter Ended September 30, 2021
2. Attachment A – CBB Investment Activity Report for the Quarter Ended September 30, 2021

**EAST VALLEY WATER DISTRICT
INVESTMENT REPORT
QUARTER ENDED
September 30, 2021**

	<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>
Funds Held by EVWD								
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	4,500.00	4,500.00	4,500.00	N/A
Checking account	Citizens Business Bank	N/A	N/A	N/A	2,334,771.19	2,334,771.19	2,334,771.19	N/A
Flexible Spending Account	Citizens Business Bank	N/A	N/A	N/A	20,000.00	20,000.00	20,000.00	N/A
Funds Held by EVWD Under Management of an Outside Party								
Local Agency Investment Fund - Undesignated	State of California	N/A	N/A	0.840%	6,066,732.14	6,066,732.14	6,066,732.14	LAIF
Local Agency Investment Fund - Designated for Debt Service	State of California	N/A	N/A	0.840%	-	-	-	LAIF
Citizens Business Bank								
US Treasury / Agency Bonds	CBB Wealth Mgt		See Attached		3,865,000.00	3,872,833.88	3,882,953.60	Interactive Data
CBB Money Market Fund	CBB Money Market Fund	CBB Wealth Mgt	N/A	N/A	2,041,839.62	2,041,839.62	2,041,839.62	N/A
Union Bank (2020A Refunding Revenue Bond Trustee)								
Payment Fund	Blackrock Liquidity Funds	US Bank	N/A	N/A	1,249,034.33	1,249,034.33	1,249,034.33	US Bank
Interest Account	Blackrock Liquidity Funds	US Bank	N/A	N/A	12,015.67	12,015.67	12,015.67	US Bank
Union Bank (2020B Revenue Bond Trustee)								
Payment Fund	Blackrock Liquidity Funds	US Bank	N/A	N/A	437,969.25	437,969.25	437,969.25	US Bank
Interest Account	Blackrock Liquidity Funds	US Bank	N/A	N/A	-	-	-	US Bank
Total Cash and Investments					<u>16,032,612.20</u>	<u>16,040,446.08</u>	<u>16,050,565.80</u>	

SUMMARY	Book Value	Market Value	%
Cash	2,360,021.19	2,360,021.19	14.70%
LAIF	6,066,732.14	6,066,732.14	37.80%
Treasury/Agency Securities	3,872,833.88	3,882,953.60	24.19%
Money Market Treasury Funds	3,740,858.87	3,740,858.87	23.31%
Total Cash and Investments	16,040,446.08	16,050,565.80	100.00%
Less: Funds designated for Bond debt service	(1,699,019.25)	(1,699,019.25)	-10.59%
Less: Restricted Capacity Fees	(6,763,178.90)	(6,763,178.90)	-42.14%
Less: Customer / Construction Deposits	(1,490,425.53)	(1,490,425.53)	-9.29%
Less: Funds designated for rate stabilization	(268,447.00)	(268,447.00)	-1.67%
Total Unrestricted / Undesignated Cash and Investments	5,819,375.40	5,829,495.12	36.31%

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

10/27/2021

 Date

EAST VALLEY WATER DISTRICT

Investment Activity

Quarter Ended September 30, 2021

Activity (Book Value)

Purch Date	Issuer	CUSIP	Yield	Units / Face Value	Maturity Date	7/1/2021	Amort Cost Adjustment	Adjusted Cost 7/1/2021	Purchases	Matured / Called	Adjusted Cost 9/30/2021	Market Value 9/30/2021
8/25/2016	Fannie Mae	3136G3Y33	1.400%		08/25/21	300,000.00		300,000.00		300,000.00	-	-
11/4/2016	US Treasury Note	912828T67	1.250%	500,000	10/31/21	499,765.63		499,765.63			499,765.63	500,485.00
5/31/2017	US Treasury Note	912828XR6	1.750%	300,000	05/31/22	299,765.63		299,765.63			299,765.63	303,351.00
5/10/2018	FHLB	3130AEBM1	2.750%	100,000	06/10/22	99,892.00		99,892.00			99,892.00	101,866.00
1/21/2020	Tenn Valley Authority	880591ER9	2.875%	300,000	09/15/24	315,913.50	(2,248.89)	313,664.61			313,664.61	320,421.00
5/29/2020	US Treasury Note	912828ZP8	0.125%	300,000	05/15/23	299,203.13		299,203.13			299,203.13	299,556.00
7/30/2020	Federal Home Loan Bank	3130AJUN7	0.550%	250,000	07/30/24	249,937.50		249,937.50			249,937.50	250,012.50
7/30/2020	Freddie Mac	3134GWCZ7	0.300%		10/28/22	99,985.00		99,985.00		99,985.00	-	-
8/6/2020	Freddie Mac	3134GWMY9	0.625%	100,000	08/19/25	100,000.00		100,000.00			100,000.00	99,214.00
9/28/2020	Freddie Mac	3134GWTLO	0.300%		09/25/23	200,000.00		200,000.00		200,000.00	-	-
9/30/2021	Federal Home Loan Bank	3030APAZ8	1.030%	200,000	09/30/26	-		-	200,000.00		200,000.00	199,830.00
3/30/2021	Federal Home Loan Bank	3130ALUF9	1.000%	300,000	03/30/26	300,000.00		300,000.00			300,000.00	299,565.00
3/30/2021	Federal Home Loan Bank	3130ALPB4	0.800%	300,000	05/30/25	300,000.00		300,000.00			300,000.00	300,552.00
3/30/2021	Federal Home Loan Bank	3130ALU93	0.750%	200,000	06/30/25	200,000.00		200,000.00			200,000.00	199,696.00
9/20/2021	Federal Home Loan Bank	3130AKL79	0.250%	115,000	12/28/23	-		-	114,902.25		114,902.25	114,855.10
9/30/2021	Federal Home Loan Bank	3130AP6M2	1.020%	400,000	09/30/26	-		-	400,000.00		400,000.00	397,260.00
3/31/2021	US Treasury Note	9128CBT7	0.750%	500,000	03/31/26	495,703.13		495,703.13			495,703.13	496,290.00
				<u>3,865,000.00</u>		<u>3,760,165.52</u>	<u>(2,248.89)</u>	<u>3,757,916.63</u>	<u>714,902.25</u>	<u>599,985.00</u>	<u>3,872,833.88</u>	<u>3,882,953.60</u>