

Staff Report

Regular Board Meeting

TO: Governing Board Members

FROM: General Manager/CEO

SUBJECT: Approve Investment Report for Quarter Ended December 31, 2021

RECOMMENDATION

Staff recommends that the Board of Directors (Board) accept and file the attached Investment Report for the quarter ended, December 31, 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 December 31, 2021. Attachment A presents the investment securities purchased and retired during the quarter October to December 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 \$6,066,732. Interest earned during the previous quarter of \$3,694 was posted to the account in October 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 \$6,070,426.

LAIF earnings for the quarter ended December 31, 2021 were \$3,495, calculated at an apportionment rate of 0.23%; down from 0.24% which had been in effect for the previous quarter. The earnings were posted to the District's account on January 14, 2022.

Citizen's Business Bank (CBB) Wealth Management

The total (book) value of the assets held with CBB increased \$6,175 to \$5,920,849 during the quarter ended December 31, 2021. The balance in this account is held both

in a money market account (\$663,809) and in a \$5,257,040 portfolio of Treasury and federal agency securities shown on Attachment A.

Net interest payments received on securities in the District's portfolio were \$7,630 and funds held in money market accounts earned \$113. The District also realized a \$234 gain on the maturity of a US Treasury Note and recognized a \$406 increase from the amortization of discounts on two bonds held in the portfolio.

Investment manager fees paid during the quarter were \$2,208.

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 December 31, 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 | \$ 6,066,732 | \$ - | \$ 3,694 | \$ - | \$ - | \$ 6,070,426 |
| CBB Wealth Mgt | 5,914,674 | - | 7,977 | (2,208) | 406 | 5,920,849 |

Restricted Investments

Accounts opened 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 US Bank accounts for the Quarter ended December 31, 2021. The first principal payments on the District's new 2020 A&B bonds occurred on October 1, 2021.

| <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 | - | 1 | 354,034 | (366,050) | 1 |
| Principal Acct | - | - | - | 895,000 | (895,000) | - |

| <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 | - | - | - | 162,969 | (162,969) | - |
| Principal Acct | - | - | - | 275,000 | (275,000) | - |

AGENCY GOALS AND OBJECTIVES

- II - Maintain a Commitment To Sustainability, Transparency, and Accountability
 - B. Utilize Effective Communication Methods

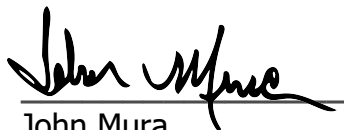
REVIEW BY OTHERS

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

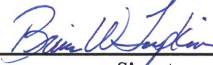
1. Investment Report for the Quarter Ended December 31, 2021
2. Attachment A – CBB Investment Activity Report for the Quarter Ended December 31, 2021

**EAST VALLEY WATER DISTRICT
INVESTMENT REPORT
QUARTER ENDED
December 31, 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 | 900.00 | 900.00 | 900.00 | 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 | District | N/A | N/A | N/A | 2,762,257.67 | 2,334,771.19 | 2,334,771.19 | N/A |
| Funds Held by EVWD Under Management of an Outside Party | | | | | | | | | |
| Local Agency Investment Fund - Undesignated | | State of California | N/A | N/A | 0.230% | 6,070,426.33 | 6,070,426.33 | 6,070,426.33 | LAIF |
| Local Agency Investment Fund - Designated for Debt Service | | State of California | N/A | N/A | 0.230% | - | - | - | LAIF |
| Citizens Business Bank | | | | | | | | | |
| US Treasury / Agency Bonds | | CBB Wealth Mgt | | See Attached | | 5,257,040.28 | 5,257,040.28 | 5,227,755.45 | Interactive Data |
| CBB Money Market Fund | CBB Money Market Fund | CBB Wealth Mgt | N/A | N/A | 0.026% | 663,809.11 | 663,809.11 | 663,809.11 | N/A |
| Union Bank (2020A Refunding Revenue Bond Trustee) | | | | | | | | | |
| Payment Fund | Blackrock Liquidity Funds | US Bank | N/A | N/A | N/A | - | - | - | US Bank |
| Principal / Interest Accounts | Blackrock Liquidity Funds | US Bank | N/A | N/A | 1.240% | 0.76 | 0.76 | 0.76 | US Bank |
| Union Bank (2020B Revenue Bond Trustee) | | | | | | | | | |
| Payment Fund | Blackrock Liquidity Funds | US Bank | N/A | N/A | N/A | - | - | - | US Bank |
| Interest Account | Blackrock Liquidity Funds | US Bank | N/A | N/A | 1.240% | - | - | - | US Bank |
| Total Cash and Investments | | | | | | <u>14,758,934.15</u> | <u>14,331,447.67</u> | <u>14,302,162.84</u> | |

| <u>SUMMARY</u> | <u>Book Value</u> | <u>Market Value</u> | <u>%</u> |
|---|----------------------|----------------------|---------------|
| Cash | 2,340,171.19 | 2,340,171.19 | 16.36% |
| LAIF | 6,070,426.33 | 6,070,426.33 | 42.44% |
| Treasury/Agency Securities | 5,257,040.28 | 5,227,755.45 | 36.55% |
| Money Market Treasury Funds | 663,809.87 | 663,809.87 | 4.64% |
| Total Cash and Investments | <u>14,331,447.67</u> | <u>14,302,162.84</u> | <u>99.99%</u> |
| Less: Funds designated for Bond debt service | (0.76) | (0.76) | 0.00% |
| Less: Restricted Capacity Fees | (6,275,370.07) | (6,275,370.07) | -43.88% |
| Less: Customer / Construction Deposits | (1,236,690.54) | (1,236,690.54) | -8.65% |
| Less: Funds designated for rate stabilization | (268,447.00) | (268,447.00) | -1.88% |
| Total Unrestricted / Undesignated Cash and Investments | <u>6,550,939.30</u> | <u>6,521,654.47</u> | <u>45.58%</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

January 26, 2022

 Date

EAST VALLEY WATER DISTRICT

Investment Activity

Quarter Ended December 31, 2021

Activity (Book Value)

| Purch Date | Issuer | CUSIP | Yield | Units / Face Value | Maturity Date | Activity (Book Value) | | | Matured / Called | Adjusted Cost 12/31/2021 | | | Market Value | |
|------------|--------------------------|-----------|--------|--------------------|---------------|-----------------------|-----------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | | | 10/1/2021 | Amort Cost Adjustment | Adjusted Cost 10/1/2021 | | Purchases | Total | Water | | Sewer |
| 11/4/2016 | US Treasury Note | 912828T67 | 1.250% | 500,000 | 10/31/21 | 499,765.63 | | 499,765.63 | | 499,765.63 | - | - | - | |
| 5/31/2017 | US Treasury Note | 912828XR6 | 1.750% | 300,000 | 05/31/22 | 299,765.63 | | 299,765.63 | | | 299,765.63 | 299,765.63 | 301,956.00 | |
| 10/19/2021 | US Treasury Note | 91282CAZ4 | 0.375% | 500,000 | 11/30/25 | - | 372.15 | 372.15 | 487,031.25 | | 487,403.40 | 487,403.40 | 485,115.00 | |
| 3/31/2021 | US Treasury Note | 9128CBT7 | 0.750% | 500,000 | 03/31/26 | 495,703.13 | | 495,703.13 | | | 495,703.13 | 495,703.13 | 490,760.00 | |
| 5/10/2018 | FHLB | 3130AEBM1 | 2.750% | 100,000 | 06/10/22 | 99,892.00 | | 99,892.00 | | | 99,892.00 | 99,892.00 | 101,145.00 | |
| 1/21/2020 | Tenn Valley Authority | 880591ER9 | 2.875% | 300,000 | 09/15/24 | 313,664.61 | | 313,664.61 | | | 313,664.61 | 313,664.61 | 315,030.00 | |
| 5/29/2020 | US Treasury Note | 912828ZP8 | 0.125% | 300,000 | 05/15/23 | 299,203.13 | | 299,203.13 | | | 299,203.13 | 299,203.13 | 298,290.00 | |
| 7/30/2020 | Federal Home Loan Bank | 3130AJUN7 | 0.550% | 250,000 | 07/30/24 | 249,937.50 | | 249,937.50 | | | 249,937.50 | 249,937.50 | 247,700.00 | |
| 8/6/2020 | Freddie Mac | 3134GWMY9 | 0.625% | 100,000 | 08/19/25 | 100,000.00 | | 100,000.00 | | | 100,000.00 | 100,000.00 | 98,179.00 | |
| 9/30/2021 | Federal Home Loan Bank | 3030APAZ8 | 1.030% | 200,000 | 09/30/26 | 200,000.00 | | 200,000.00 | | | 200,000.00 | 200,000.00 | 197,852.00 | |
| 3/30/2021 | Federal Home Loan Bank | 3130ALUF9 | 1.000% | 300,000 | 03/30/26 | 300,000.00 | | 300,000.00 | | | 300,000.00 | 300,000.00 | 297,279.00 | |
| 3/30/2021 | Federal Home Loan Bank | 3130ALPB4 | 0.800% | 300,000 | 05/30/25 | 300,000.00 | | 300,000.00 | | | 300,000.00 | 300,000.00 | 295,569.00 | |
| 3/30/2021 | Federal Home Loan Bank | 3130ALU93 | 0.750% | 200,000 | 06/30/25 | 200,000.00 | | 200,000.00 | | | 200,000.00 | 200,000.00 | 197,168.00 | |
| 9/20/2021 | Federal Home Loan Bank | 3130AKL79 | 0.250% | 115,000 | 12/28/23 | 114,902.25 | | 114,902.25 | | | 114,902.25 | 114,902.25 | 114,221.45 | |
| 9/30/2021 | Federal Home Loan Bank | 3130AP6M2 | 1.020% | 400,000 | 09/30/26 | 400,000.00 | | 400,000.00 | | | 400,000.00 | 400,000.00 | 394,952.00 | |
| 10/18/2021 | Federal Home Loan Bank | 3130AKC95 | 0.550% | 200,000 | 10/29/25 | - | 34.63 | 34.63 | 196,532.00 | | 196,566.63 | 196,566.63 | 195,380.00 | |
| 10/26/2021 | Federal Home Loan Bank | 3130APJ55 | 1.250% | 300,000 | 10/26/26 | - | - | - | 299,997.00 | | 299,997.00 | 299,997.00 | 298,815.00 | |
| 10/27/2021 | Federal Home Loan Bank | 3130AJK24 | 0.480% | 100,000 | 09/01/23 | - | - | - | 100,020.00 | | 100,020.00 | 100,020.00 | 99,732.00 | |
| 10/28/2021 | Federal Home Loan Bank | 3130APLB9 | 0.850% | 100,000 | 10/28/24 | - | - | - | 100,000.00 | | 100,000.00 | 100,000.00 | 99,685.00 | |
| 11/24/2021 | Federal Home Loan Bank | 3130APWP6 | 0.600% | 200,000 | 11/24/23 | - | - | - | 200,000.00 | | 200,000.00 | 200,000.00 | 199,676.00 | |
| 11/30/2021 | Federal Home Loan Bank | 3130APUY9 | 1.000% | 200,000 | 02/28/25 | - | - | - | 200,000.00 | | 200,000.00 | 200,000.00 | 199,454.00 | |
| 11/30/2021 | Federal Home Loan Bank | 3130AQZH5 | 1.050% | 100,000 | 11/25/24 | - | - | - | 99,985.00 | | 99,985.00 | 99,985.00 | 99,995.00 | |
| 11/23/2021 | Federal Farm Credit Bank | 3133ENEM8 | 1.430% | 200,000 | 11/23/26 | - | - | - | 200,000.00 | | 200,000.00 | 200,000.00 | 199,802.00 | |
| | | | | | | <u>5,765,000.00</u> | | <u>3,873,240.66</u> | <u>1,883,565.25</u> | <u>499,765.63</u> | <u>5,257,040.28</u> | <u>3,660,471.65</u> | <u>1,596,568.63</u> | <u>5,227,755.45</u> |