

# City of Huntington Beach City Treasurer's Report



**Quarter ending: September 2016**

**Alisa Cutchen, CCMT, CPFIM  
City Treasurer**

# City Treasurer's Mission: Preservation and Return of Investments

- ❖ Portfolio governed by:
  - California State Regulations
  - City's Investment Policy – Certified by California Municipal Treasurers Association

# Goal - Own Legal AND Suitable Investments to meet objectives of:

- ❖ Safety of Principal
- ❖ Adequate Liquidity
- ❖ Market Rate of Return

*In this absolute order of priority*

# Economic and Market Overview

## July - September 2016

- ❖ **Federal Reserve maintains interest rates**
- ❖ **Sept. Unemployment Rate: 5.0%**
- ❖ **DOW/S&P ↑2-3% from prior qtr.**
- ❖ **10-year US Treasury: 1.60%**

# Portfolio Overview 09/30/16

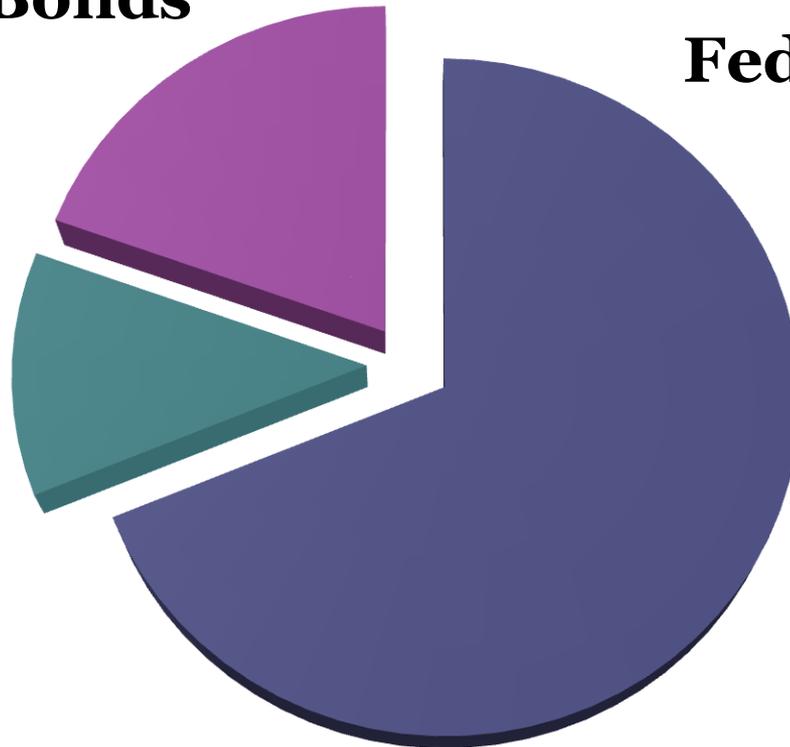
<u>Investment Type</u>	<u>Market Value</u>	<u>Book Value</u>	<u>% of Portfolio</u>	<u>Policy Limit</u>
Federal Agency Issues	\$ 132.4	\$ 132.4	69%	None
Local Agency Investment Fund (LAIF)	22.5	22.5	12%	\$65 million
Corporate Bonds	37.7	37.6	19%	30%
Total Portfolio	<u>\$ 192.5</u>	<u>\$ 192.5</u>	<u>100%</u>	

# Portfolio Composition 09/30/16

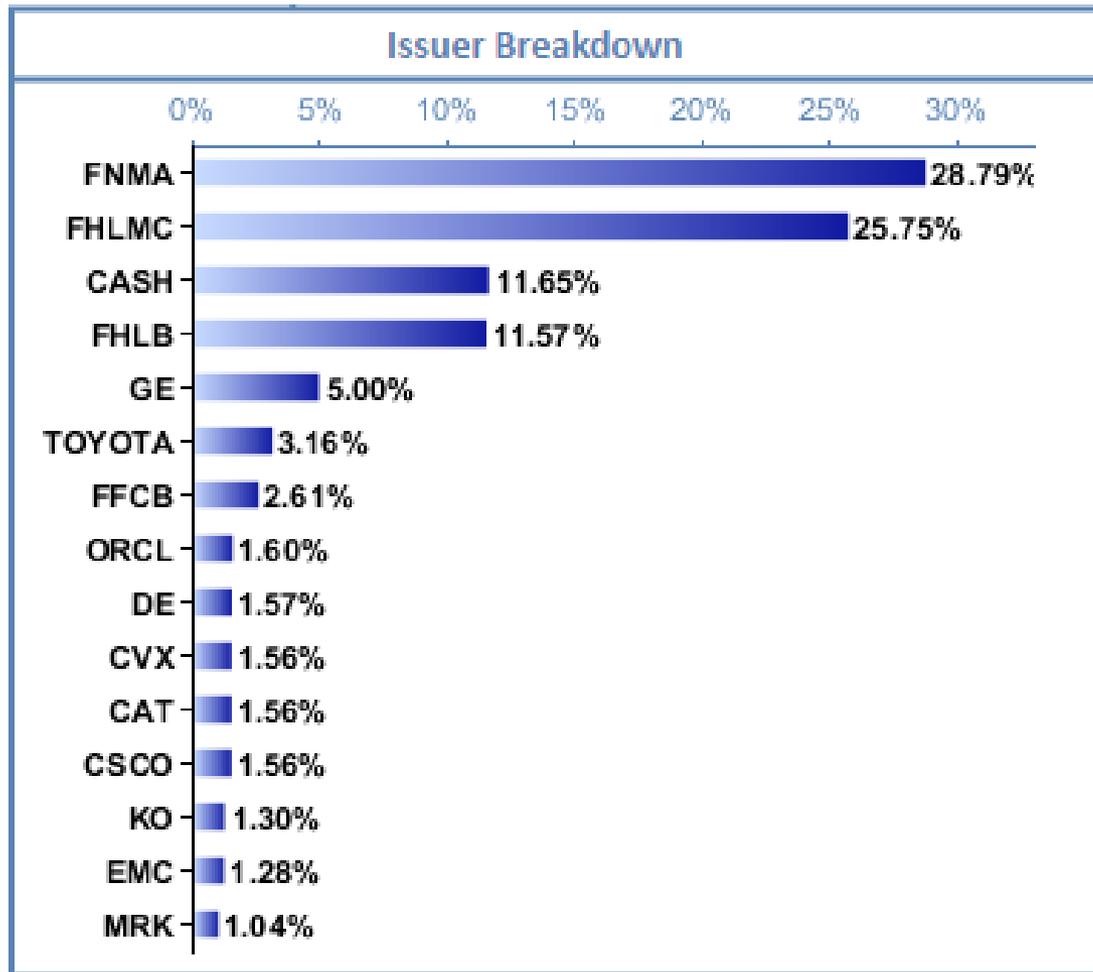
**Corporate Bonds**  
**19%**

**Federal Agencies**  
**69%**

**LAIF**  
**12%**



# Current Portfolio Holdings 09/30/16



# Current Agency Holdings 09/30/16

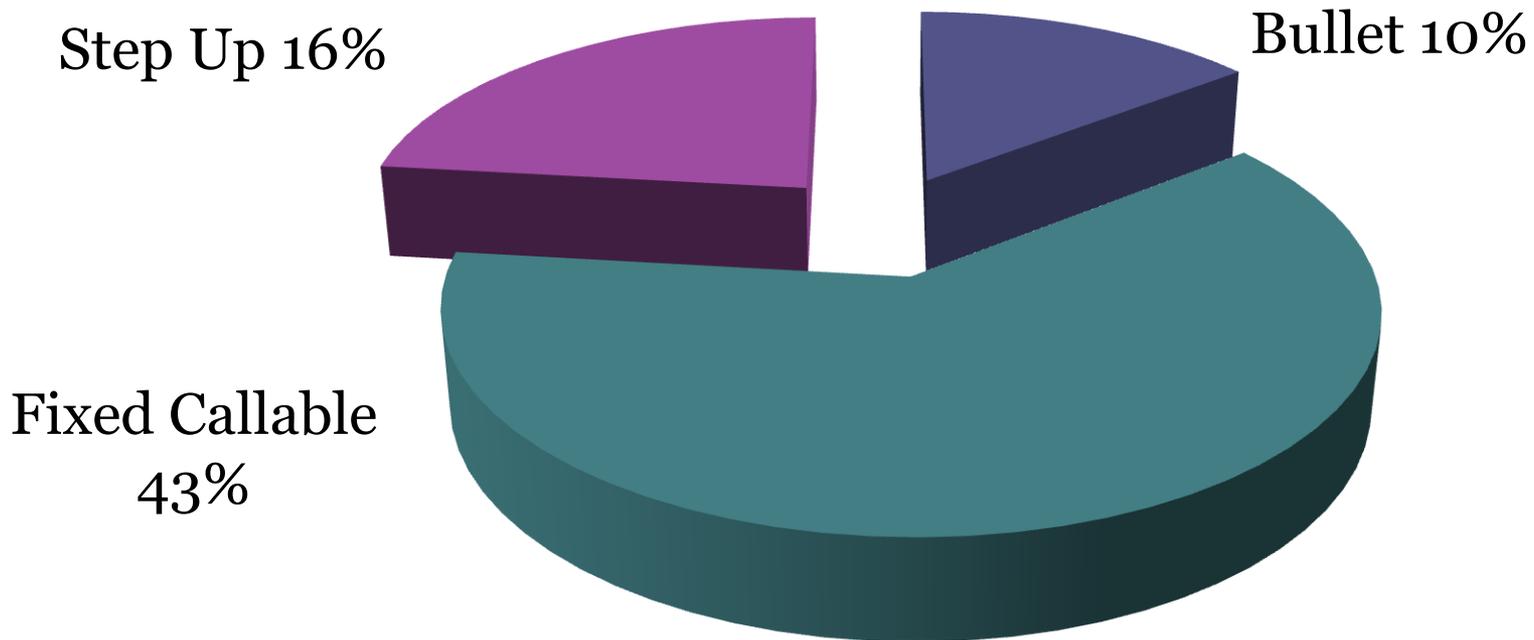
## ❖ **Federal Agency Holdings:**

- **Federal Home Loan Bank**
- **Federal National Mortgage Association  
(Fannie Mae)**
- **Federal Farm Credit Bank**
- **Federal Home Loan Mortgage Corp.  
(Freddie Mac)**

# Agency Holdings-Structure 09/30/16

## ❖ **Federal Agency composition:**

(As a % of market value)



# Corporate Holdings 09/30/16

## ❖ **Select Corporate Bond Issuers:**

- **Apple Inc.**
- **Caterpillar Financial Corp.**
- **GE Capital Corp.**
- **Coca Cola Co.**
- **Merck & Co Inc.**
- **Oracle Corp.**

# Portfolio Earnings

	<b>Month Ending</b>	<b>FY</b>
<b>Total Earnings</b>	<b>Sept 30, 2016</b>	<b>2015/2016</b>
Current Year	\$ 196,054	\$ 2,300,386
Current Budget	\$ 110,000	\$ 1,320,000
Last Year Actual	\$ 172,677	\$ 1,981,542
Effective Rate of Return	1.14%	1.12%
Benchmark*	0.74%	

\* Benchmark: 2-year Constant Maturity Treasury (CMT) rate

# Conclusion

❖ **FY2015/16 Earnings - \$2.3 million**

**-offset taxpayer \$ for:**

- operating expenses
- capital projects
- debt repayment
- other liabilities

❖ **Portfolio remains compliant with relevant governmental regulations and the City's Investment Policy**

# QUESTIONS?



Thank you!