



Lake Havasu City

Lake Havasu City
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Attachments: 1. City Council Investment Report at June 30, 2017

Date	Ver.	Action By	Action	Result
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COUNCIL COMMUNICATION

TO: Honorable Mayor and Council
FROM: Tabatha Miller, Administrative Services Director
Sandy McCormack, Senior Accountant

SUBJECT:
Investment Report at June 30, 2017

FUNDING SOURCE:
N/A

PURPOSE:
To present the June 30, 2017 Investment Report to Council.

BACKGROUND:
This investment report conforms to the City's adopted Investment Policy. The investment objectives of the City include safety, liquidity and yield - in that order. Standards of care as described in the Investment Policy have been used in making investment decisions for the City. Investments are purchased with the intention to hold to maturity, following a five-year ladder plan. Additionally, per policy, securities are held by an independent third-party custodian.

As of June 30, 2017, the weighted average rate of return for the City's investment portfolio (excluding LGIP and JPMorgan Chase) was 1.38 percent. As a point of comparison, the current yield for the Arizona State Treasurer's Local Government Investment Pool (LGIP) 700, which invests in medium-term securities backed

by the U.S. Government, was 1.32 percent for the month ending June 30, 2017. The LGIP's Pool 700 holdings are very similar to those of the City's investment portfolio and therefore, provide a good benchmark for comparison.

Economic growth remained consistent throughout June with strong gains in employment, manufacturing and consumer confidence. The Federal Reserve has raised interest rates three times since December pushing the benchmark rate to a range of 1 percent to 1.25 percent. Many analyst and policy makers expect one more rate hike this year and three in 2018, based on the strengthening U.S. economy. A small uptick in the 10 Year Treasury at the end of June also indicates that some bond traders are starting to price bonds based on the end of global easing, which has kept yields low since 2008. All of this indicates continued slow and steady growth in interest rates and yields.

COMMUNITY IMPACT:

No direct impact. Indirect impact to the community is an increase or decrease in investment earnings based on the market environment which help fund government and enterprise activities.

FISCAL IMPACT:

N/A

ATTACHMENTS:

City Council Investment Report at June 30, 2017

SUGGESTED MOTION:

N/A