



Lake Havasu City

Lake Havasu City
Municipal Courthouse
Council Chambers
92 Acoma Boulevard
Lake Havasu City, Arizona
86403
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Legislation Text

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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 March 31, 2017

FUNDING SOURCE:
N/A

PURPOSE:
To present the March 31, 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 when making investment decisions for the City. Additionally, per policy, securities are held by an independent third-party custodian.

As of March 31, 2017, the weighted average rate of return for the City's investment portfolio (excluding LGIP and JPMorgan Chase) was 1.36%. 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 1.24% for the month ending March 31, 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.

Yields rose going into the Federal Reserve's March meeting and declined afterward. Relatively tame inflation and steady economic growth kept interest rates range bound. Bonds and yields remain stable. The Federal Reserve has indicated that it plans to raise rates two more times in 2017. Because the City's two most important investment objectives are safety and liquidity, we will continue to monitor the interest rate environment and purchase securities with the intention to hold to maturity, following a five-year ladder plan.

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 March 31, 2017

SUGGESTED MOTION:

N/A