



Item No. 13 Town of Atherton

CITY COUNCIL STAFF REPORT – CONSENT AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: SEPTEMBER 16, 2015

**SUBJECT: ACCEPTANCE OF TREASURER’S REPORT FOR THE FOURTH
QUARTER ENDED JUNE 30, 2015**

RECOMMENDATION

Accept the Treasurer’s Report for the Fourth Quarter Ended June 30, 2015.

BACKGROUND

The Treasurer’s Report provides an update on the cash and investment position of the Town of Atherton.

The Fourth Quarter Treasurer’s report, as of June 30, 2015 is attached. The total cash and investments for the Town is \$31,477,090. Of the total amount, \$17,956,992 is listed as “non-restricted” and although may be listed as such, this amount is not all available for spending. “Non-restricted” is to mean not legally restricted but the Town does have obligations and unfunded liabilities that must or may be met with non-restricted funds. Also attached is the PARS Trust account available balance as of June 30, 2015. The total amount in the PARS account is \$4,625,890. This is a “restricted” investment that is used for the Town’s OPEB liabilities. The Town has contributed \$4,319,316 towards the Trust and has made an additional contribution in Fiscal Year 2015-2016 of \$680,684 to bring the total contribution to the Trust to \$5,000,000.

Cutwater Asset Management provides non-discretionary investment advisory services to the Town for investments. Staff is working in conjunction with Cutwater to ensure cash and investments adhere to our goals of safety, liquidity, and yield. To facilitate the trading and safekeeping of securities, Wells Fargo Bank serves as the safe-keeping agent for the Town.

POLICY CONSIDERATIONS

The Town’s Statement of Investment Policy requires the City Manager or designee to submit quarterly and annual Treasurer’s Report to the City Council. The California Government Code Section 53646, Subsection B(1) requires that the quarterly Treasurer’s Report be submitted to the legislative body within 30 days of the close of a given quarter. Staff strives to make this deadline. The current reporting quarter closed on June 30, 2015. The Treasurer’s Report was

completed on July 31, 2015. Since there was not an August Council meeting, it is being submitted for the September Regular Council Meeting.

FISCAL IMPACT

None.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

In addition, the Town keeps its financial information up to date via a transparency webpage.

<https://ca-atherton.civicplus.com/index.aspx?NID=269>

Attachment: Treasurer's Report for Fourth Quarter Ended June 30, 2015

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Summary
June 30, 2015**

	Par Value	Market Value	Book Value	% of Portfolio
Cash In Bank (Schedule A)	1,454,482	1,454,482	1,454,482	4.6%
Investments (Schedule B)	29,750,301	29,899,116	30,022,608	95.4%
Total Cash and Investments	31,204,784	31,353,598	31,477,090	100%

The above investments are consistent with the Town's Statement of Investment Policy and are allowable under current legislation of the State of California. Investments are selected using safety, liquidity, and yield as the criteria. The Town has sufficient cash flow to cover anticipated expenditures through the next six months.



Robert Barron, Finance Director

7/31/2015

Date

**Town of Atherton
Quarterly Treasurer's Report
Portfolio Details - Cash In Bank
June 30, 2015**

Schedule A

<u>Name of Depository</u>	<u>Investment Type</u>	<u>Reconciled Bank Balance</u>
Wells Fargo	General Account	1,361,914
Wells Fargo	Wells Fargo Trust MMF-Cash	92,568
Total		<u><u>1,454,482</u></u>

Cutwater Asset Management
1331 17th Street, Suite 602
Denver, CO 80202
Tel: 303 860 1100
Fax: 303 860 0016

Treasurer's Report Schedule B

TOWN OF ATHERTON

Report for the period June 1, 2015 - June 30, 2015

Please contact Accounting by calling the number above or email castrereports@cutwater.com with questions concerning this report.

(This report was prepared on July 13, 2015)

➤ A BNY MELLON COMPANY™



**Town of Atherton
Activity and Performance Summary
for the period June 1, 2015 - June 30, 2015**

Amortized Cost Basis Activity Summary

Beginning Amortized Cost Value	28,888,134.81
Additions	
Contributions	982,585.35
Interest Received	19,138.75
Accrued Interest Sold	0.00
Gain on Sales	0.00
Total Additions	1,001,724.10
Deductions	
Withdrawals	0.00
Fees Paid	1,465.88
Accrued Interest Purchased	1,664.47
Loss on Sales	0.00
Total Deductions	(3,130.35)
Accretion (Amortization) for the Period	(8,012.05)
Ending Amortized Cost Value	29,878,716.51
Ending Fair Value	29,899,116.05
Unrealized Gain (Loss)	20,399.54

Detail of Amortized Cost Basis Return

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Cash and Equivalents	3,052.97	0.00	0.00	3,052.97
U.S. Treasury	2,985.35	(423.57)	0.00	2,561.78
U.S. Instrumentality	7,015.63	(2,951.89)	0.00	4,063.74
Corporate	10,373.35	(4,636.59)	0.00	5,736.76
Total	23,427.30	(8,012.05)	0.00	15,415.25

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	One Month
Fed Funds	0.11 %	0.12 %	0.13 %
Overnight Repo	0.13 %	0.15 %	0.17 %
3 Month T-Bill	0.01 %	0.01 %	0.00 %
6 Month T-Bill	0.05 %	0.06 %	0.06 %
1 Year T-Note	0.18 %	0.24 %	0.28 %
2 Year T-Note	0.56 %	0.61 %	0.69 %
5 Year T-Note	1.55 %	1.49 %	1.68 %

Summary of Amortized Cost Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	23,427.30	20,374.33
Accretion (Amortization)	(8,012.05)	(8,012.05)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	15,415.25	12,362.28
Average Daily Historical Cost	30,025,864.07	17,590,562.80
Annualized Return	0.62%	0.86%
Annualized Return Net of Fees	0.57%	0.75%
Annualized Return Year to Date Net of Fees	0.52%	0.72%
Weighted Average Effective Maturity in Days	367	626

**Town of Atherton
Activity and Performance Summary
for the period June 1, 2015 - June 30, 2015**

Fair Value Basis Activity Summary

Beginning Fair Value		28,921,363.70
Additions		
Contributions	982,585.35	
Interest Received	19,138.75	
Accrued Interest Sold	0.00	
Total Additions		1,001,724.10
Deductions		
Withdrawals	0.00	
Fees Paid	1,465.88	
Accrued Interest Purchased	1,664.47	
Total Deductions		(3,130.35)
Change in Fair Value for the Period		(20,841.40)
Ending Fair Value		29,899,116.05

Detail of Fair Value Basis Return

	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Cash and Equivalents	3,052.97	0.00	3,052.97
U.S. Treasury	2,985.35	(859.75)	2,125.60
U.S. Instrumentality	7,015.63	(2,904.20)	4,111.43
Corporate	10,373.35	(17,077.45)	(6,704.10)
Total	23,427.30	(20,841.40)	2,585.90

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	One Month
Fed Funds	0.11 %	0.12 %	0.13 %
Overnight Repo	0.13 %	0.15 %	0.17 %
3 Month T-Bill	0.03 %	0.03 %	-0.01 %
6 Month T-Bill	0.17 %	0.24 %	0.24 %
1 Year T-Note	0.24 %	0.42 %	0.26 %
BAML 1-3 Yr Tsy Index	0.87 %	1.34 %	0.31 %
BAML 1-5 Yr Tsy Index	1.38 %	1.91 %	-1.18 %

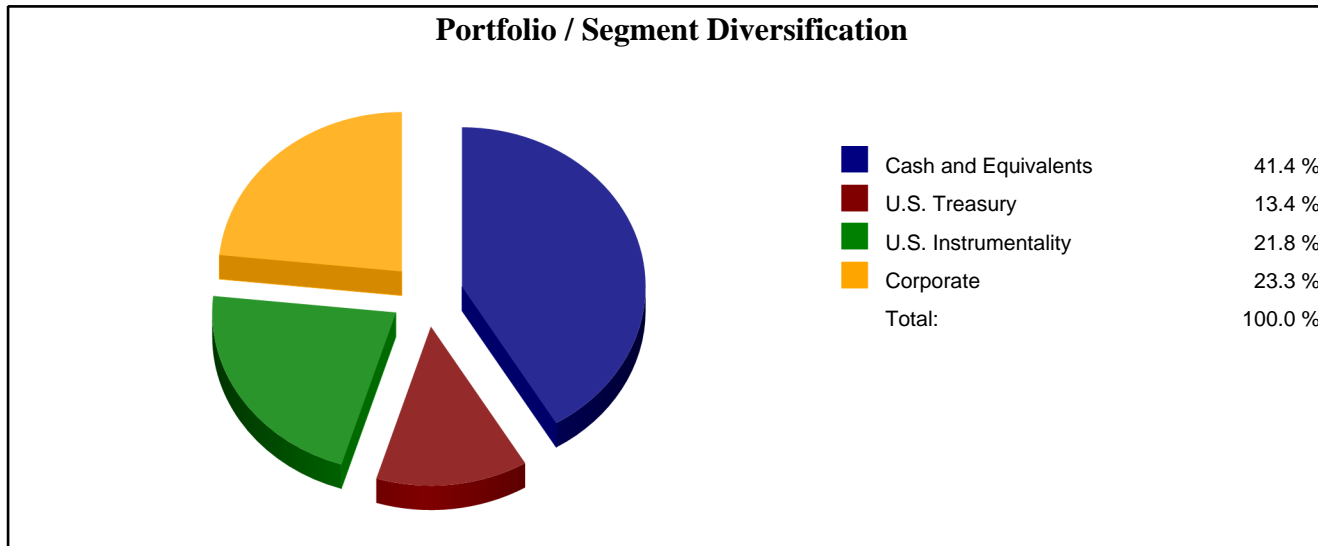
Summary of Fair Value Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	23,427.30	20,374.33
Change in Fair Value	<u>(20,841.40)</u>	<u>(20,841.40)</u>
Total Income on Portfolio	2,585.90	(467.07)
Average Daily Historical Cost	30,025,864.07	17,590,562.80
Annualized Return	0.10%	(0.03%)
Annualized Return Net of Fees	0.05%	(0.13%)
Annualized Return Year to Date Net of Fees	0.70%	1.03%
Weighted Average Effective Maturity in Days	367	626

**Town of Atherton
Recap of Securities Held
June 30, 2015**

	Historical Cost	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Weighted Average Final Maturity (Days)	Weighted Average Effective Maturity (Days)	% Portfolio/Segment	Weighted Average Yield *	Weighted Average Market Duration (Years)
Cash and Equivalents	12,435,301.27	12,435,301.27	12,435,301.27	0.00	1	1	41.42	0.30	0.00
U.S. Treasury	4,018,437.51	4,007,240.73	4,017,656.00	10,415.27	647	647	13.38	0.78	1.75
U.S. Instrumentality	6,559,418.50	6,481,050.42	6,494,679.35	13,628.93	576	520	21.85	0.74	1.40
Corporate	7,009,450.75	6,955,124.09	6,951,479.43	(3,644.66)	718	713	23.35	0.98	1.90
Total	30,022,608.03	29,878,716.51	29,899,116.05	20,399.54	380	367	100.00	0.62	0.98

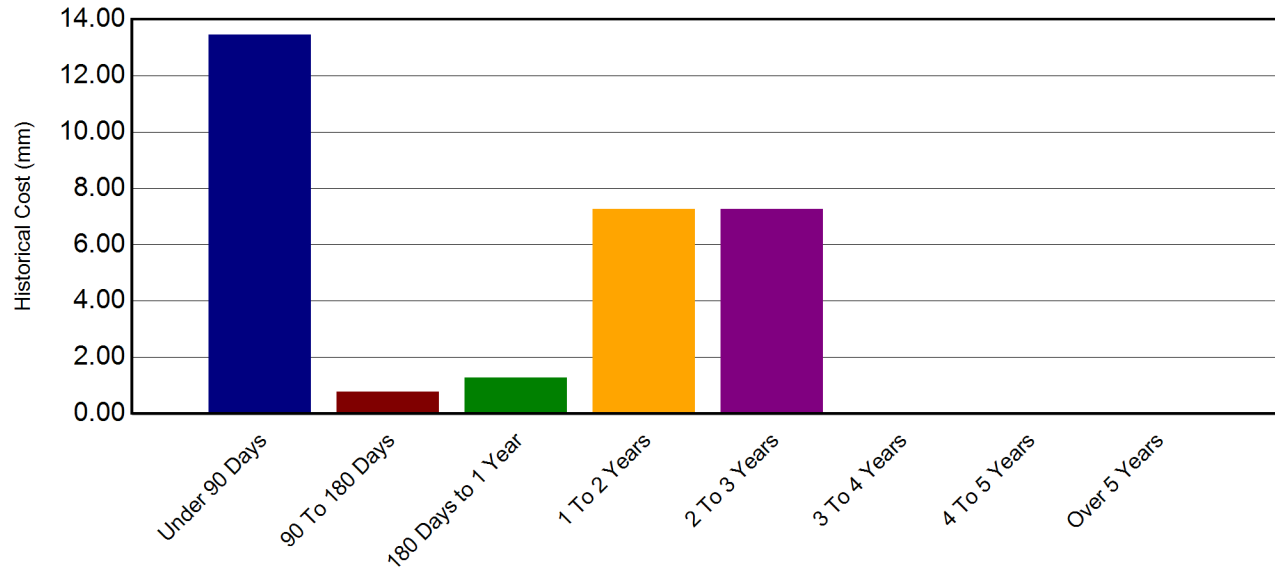
* Weighted Average Yield is calculated on a "yield to worst" basis.



**Town of Atherton
Maturity Distribution of Securities Held
June 30, 2015**

Maturity	Historical Cost	Percent
Under 90 Days	13,453,471.27	44.81 %
90 To 180 Days	777,967.50	2.59 %
180 Days to 1 Year	1,276,425.00	4.25 %
1 To 2 Years	7,255,219.20	24.17 %
2 To 3 Years	7,259,525.06	24.18 %
3 To 4 Years	0.00	0.00 %
4 To 5 Years	0.00	0.00 %
Over 5 Years	0.00	0.00 %
	30,022,608.03	100.00 %

Maturity Distribution



**Town of Atherton
Securities Held
June 30, 2015**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
<u>Cash and Equivalents</u>													
LAIF	06/30/15	0.299V		12,435,301.27	12,435,301.27	12,435,301.27	12,435,301.27	0.00	0.00	3,052.97	7,115.05	41.42	0.30
					0.00	0.00	0.00						
TOTAL (Cash and Equivalents)				12,435,301.27	12,435,301.27	12,435,301.27	12,435,301.27	0.00	0.00	3,052.97	7,115.05	41.42	
					0.00	0.00	0.00						
<u>U.S. Treasury</u>													
912828QX1	08/12/11	1.500	07/31/16	500,000.00	511,835.94	502,582.39	506,094.00	3,511.61	0.00	621.54	3,128.45	1.70	1.01
T-Note					0.00	(195.63)	(468.50)						
912828WA4	05/01/14	0.625	10/15/16	500,000.00	499,882.81	499,938.40	501,328.00	1,389.60	0.00	256.15	657.45	1.67	0.63
T-Note					0.00	3.91	39.00						
912828RU6	05/13/14	0.875	11/30/16	500,000.00	502,734.38	501,519.75	502,929.50	1,409.75	0.00	358.61	370.56	1.67	0.66
T-Note					0.00	(88.02)	(78.50)						
912828SC5	06/19/14	0.875	01/31/17	500,000.00	501,367.19	500,828.60	502,773.50	1,944.90	0.00	362.57	1,824.93	1.67	0.77
T-Note					0.00	(42.86)	(117.00)						
912828SS0	03/27/15	0.875	04/30/17	500,000.00	502,578.13	502,254.60	502,539.00	284.40	0.00	356.66	737.09	1.67	0.63
T-Note					0.00	(101.10)	(312.50)						
912828TB6	03/04/15	0.750	06/30/17	500,000.00	499,257.81	499,361.84	500,976.50	1,614.66	1,875.00	310.60	10.19	1.66	0.81
T-Note					0.00	26.23	(156.50)						
912828G20	06/01/15	0.875	11/15/17	500,000.00	500,781.25	500,755.15	500,937.50	182.35	0.00	356.65	558.76	1.67	0.81
T-Note					202.11	(26.10)	156.25						
912828UJ7	06/01/15	0.875	01/31/18	500,000.00	500,000.00	500,000.00	500,078.00	78.00	0.00	362.57	1,824.93	1.67	0.88
T-Note					1,462.36	0.00	78.00						
TOTAL (U.S. Treasury)				4,000,000.00	4,018,437.51	4,007,240.73	4,017,656.00	10,415.27	1,875.00	2,985.35	9,112.36	13.38	
					1,664.47	(423.57)	(859.75)						
<u>U.S. Instrumentality</u>													
313370JB5	10/23/12	1.750	09/11/15	500,000.00	518,170.00	501,242.39	501,580.50	338.11	0.00	729.17	2,673.61	1.73	0.48
FHLB					0.00	(517.67)	17.00						
3133725D2	10/02/13	2.125	12/21/15	750,000.00	777,967.50	755,973.31	756,758.25	784.94	7,968.75	1,328.13	442.71	2.59	0.43
FHLB					0.00	(1,035.83)	(1,237.50)						
313370TW8	10/02/13	2.000	09/09/16	1,000,000.00	1,035,900.00	1,014,587.51	1,018,073.00	3,485.49	0.00	1,666.66	6,222.22	3.45	0.76
FHLB					0.00	(1,003.73)	(994.00)						
3135G0VM2	04/17/13	0.750	03/14/17	500,000.00	501,290.00	500,000.00	500,968.00	968.00	0.00	312.50	1,114.58	1.67	0.75
FNMA					0.00	0.00	261.50						
3137EADF3	08/06/12	1.250	05/12/17	500,000.00	511,200.00	504,383.45	505,589.50	1,206.05	0.00	520.83	850.69	1.70	0.77
FHLMC					0.00	(193.10)	172.00						

**Town of Atherton
Securities Held
June 30, 2015**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
313379DD8 FHLB	11/09/12	1.000	06/21/17	500,000.00	507,000.00 0.00	502,995.25 (124.63)	502,613.00 (769.50)	(382.25)	2,500.00	416.67	138.89	1.69	0.69
3137EADH9 FHLMC	07/31/12	1.000	06/29/17	500,000.00	504,650.00 0.00	501,889.55 (77.76)	502,743.50 (474.50)	853.95	2,500.00	416.67	27.78	1.68	0.81
3137EADJ5 FHLMC	02/13/14	1.000	07/28/17	500,000.00	499,965.00 0.00	499,978.96 0.83	502,328.50 (298.00)	2,349.54	0.00	416.67	2,125.00	1.67	1.00
3130A2PE0 FHLB	Call 08/14/14	0.500V	08/14/17 08/14/15	500,000.00	500,000.00 0.00	500,000.00 0.00	500,247.50 (132.00)	247.50	0.00	208.33	951.39	1.67	0.50
3134G3M31 FHLMC	04/19/13	1.000	09/27/17	1,200,000.00	1,203,276.00 0.00	1,200,000.00 0.00	1,203,777.60 550.80	3,777.60	0.00	1,000.00	3,133.33	4.01	1.00
TOTAL (U.S. Instrumentality)					6,450,000.00	6,559,418.50 0.00	6,481,050.42 (2,951.89)	6,494,679.35 (2,904.20)	13,628.93	12,968.75	7,015.63	17,680.20	21.85

Corporate

459200GU9 IBM Corp	05/05/14	2.000	01/05/16	500,000.00	513,440.00 0.00	504,142.16 (660.99)	504,211.50 (519.00)	69.34	0.00	833.33	4,888.89	1.71	0.38
478160AY0 Johnson & Johnson	08/13/13	2.150	05/15/16	250,000.00	260,140.00 0.00	253,215.37 (302.38)	253,383.00 (619.25)	167.63	0.00	447.92	686.81	0.87	0.66
89236TAL9 Toyota Motor Credit	03/31/14	0.800	05/17/16	500,000.00	502,845.00 0.00	501,173.84 (109.70)	500,326.00 (858.00)	(847.84)	0.00	333.33	488.89	1.67	0.53
36962G6Z2 GE Capital	05/05/14	1.500	07/12/16	500,000.00	507,585.00 0.00	503,578.90 (284.80)	503,745.00 (895.00)	166.10	0.00	625.00	3,520.83	1.69	0.80
19416QDH0 Colgate-Palm Co.	03/31/14	5.200	11/07/16	500,000.00	556,755.00 0.00	529,510.22 (1,788.49)	530,240.50 (2,495.00)	730.28	0.00	2,166.67	3,900.00	1.85	0.78
90331HMC4 US Bank NA	Call 03/31/14	1.100	01/30/17 12/30/16	615,000.00	617,490.75 0.00	616,358.14 (74.35)	616,403.43 (918.20)	45.29	0.00	563.75	2,837.54	2.06	0.95
037833AM2 Apple Inc	06/23/14	1.050	05/05/17	500,000.00	499,600.00 0.00	499,742.50 11.46	501,496.00 (1,092.00)	1,753.50	0.00	437.50	802.08	1.66	1.08
594918AP9 Microsoft	10/04/13	0.875	11/15/17	500,000.00	492,105.00 0.00	495,440.55 157.59	498,896.00 (945.00)	3,455.45	0.00	364.59	559.03	1.64	1.27
58933YAC9 MERCK & CO INC	02/09/15	1.100	01/31/18	500,000.00	500,580.00 137.50	500,504.23 (16.01)	499,042.00 (1,714.50)	(1,462.23)	0.00	458.33	2,306.94	1.67	1.06
717081AQ6 Pfizer Inc	02/09/15	4.650	03/01/18	500,000.00	552,500.00 0.00	545,819.89 (1,411.29)	545,234.50 (1,513.50)	(585.39)	0.00	1,937.50	7,750.00	1.84	1.15
191216BA7 Coca Cola	03/05/15	1.150	04/01/18	500,000.00	498,645.00 0.00	498,787.38 36.20	497,374.50 (1,072.00)	(1,412.88)	0.00	479.17	1,437.50	1.66	1.24
931142DF7 Wal-Mart	03/05/15	1.125	04/11/18	500,000.00	499,450.00 0.00	499,507.28 14.56	498,090.00 (1,249.50)	(1,417.28)	0.00	468.75	1,250.00	1.66	1.16

**Town of Atherton
Securities Held
June 30, 2015**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
084664BW0	03/05/15	1.300	05/15/18	500,000.00	500,730.00	500,656.19	500,055.00	(601.19)	0.00	541.67	830.56	1.67	1.25
Berkshire Hathaway					0.00	(18.76)	(1,142.50)						
166764AE0	Call 02/09/15	1.718	06/24/18	500,000.00	507,585.00	506,687.44	502,982.00	(3,705.44)	4,295.00	715.84	167.03	1.69	1.25
Chevron Corp			05/24/18		0.00	(189.63)	(2,044.00)						
TOTAL (Corporate)				6,865,000.00	7,009,450.75	6,955,124.09	6,951,479.43	(3,644.66)	4,295.00	10,373.35	31,426.10	23.35	
					137.50	(4,636.59)	(17,077.45)						

GRAND TOTAL				29,750,301.27	30,022,608.03	29,878,716.51	29,899,116.05	20,399.54	19,138.75	23,427.30	65,333.71	100.00	
					1,801.97	(8,012.05)	(20,841.40)						

V = variable rate, current rate shown, average rate for Cash & Equivalents

**Town of Atherton
Quarterly Treasurer's Report
Cash & Investments Balance By Fund
June 30, 2015**

Fund No.	Fund Name	JUNE Balance
101	General Fund	15,464,763
105	Tennis Fund	74,545
610	Equipment Replacement Fund	298,534
614	Worker's Compensation	158,720
615	General Liability	520,191
616	Employee Benefits	1,440,239
	Total Non-Restricted	<u>17,956,992</u>
201	Special Tax Fund	3,045,935
202	County Measure A Fund	763,406
203	Gas Tax Fund	269,694
204	Measure M	54,595
209	SLES/COPS Grant	95,481
210	Road Constructions Impact Fee	595,371
213	Library Fund	6,183,063
215	Evans Creative Design (formerly fund 715)	45,569
220	Traffic Congest. Relief	-
401	GF Projects	41,159
402	Storm Drainage	30,079
403	Atherton Channel Drainage District	337,321
406	Facilities Construction	2,027,111
730	H-P Park Improvement	6,101
740	Tree Committee	25,215
	Total Restricted	<u>13,520,098</u>
	Total Cash & Investments	<u><u>31,477,090</u></u>

**Town of Atherton
Quarterly Treasurer's Report
PARS Trust Account Summary
June 30, 2015**

Date	Begin \$\$\$	Contribution	Earnings	Expenses	Distribution	Ending \$\$\$	Date
6/1/2015	4,691,660	29,010	(63,469)	(2,300)	(29,010)	4,625,891	6/30/2015 (*)

* Recent available PARS report

Town of Atherton
PARS OPEB Trust Program

Monthly Account Report for the Period
6/01/2015 to 6/30/2015

Robert Barron III
Finance Director
Town of Atherton
91 Ashfield Road
Atherton, CA 94027

Account Summary

Source	Beginning Balance as of 6/01/2015	Contributions	Earnings	Expenses*	Distributions	Transfers	Ending Balance as of 6/30/2015
Contributions	\$4,691,659.91	\$29,009.80	(\$63,469.10)	\$2,300.14	\$29,009.81	\$0.00	\$4,625,890.66
Totals	\$4,691,659.91	\$29,009.80	(\$63,469.10)	\$2,300.14	\$29,009.81	\$0.00	\$4,625,890.66

Investment Selection

Moderate Index PLUS

Investment Objective

The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Annualized Return						Plan's Inception Date
1-Month	3-Month	1-Year	3-Years	5-Years	10-Years	
-1.35%	-0.72%	2.38%	-	-	-	6/24/2013

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

*Expenses are inclusive of Trust Administration, Trustee and Investment Management fees