

Memo

To: John Overton, Director of Finance
From: Wendy Everhart, Financial Analyst
Date: February 1, 2016
Re: Investment Portfolio Information

Background:

In accordance with the City of Lexington Investment Policy adopted January 12, 2011, the Finance Department discloses key investment portfolio information a minimum of semi-annually, or as requested, to City Council. The attached information includes a copy of the most recent investment portfolio listing and includes the current market rate of commercial and agency paper which is held by Wells Fargo Securities, the City's third-party safekeeping custodian. In accordance with recommended practices, Finance staff structures the investment portfolio in a manner designed to minimize interest rate risk by limiting the average maturity of the portfolio. Interest rate risk is the risk that the market value of securities in the portfolio will change due to fluctuations in market interest rates.

Review:

The Finance Department has prepared the attached investment listing as of December 31, 2015. The investment listing is in compliance with the investment policy diversification parameters as follows:

- Less than 25% with single financial institution (12% max. as of 12/31/15)
- Less than 30% of the portfolio in commercial paper (21% as of 12/31/15)
- Less than 50% of the portfolio in agency paper (16% as of 12/31/15)
- Less than 20% of the portfolio invested over 1 year (13% as of 12/31/15)

As the attached information illustrates, the City's investments comply with the crucial goal in the management of public funds which is **S**afety, **L**iquidity and **Y**ield in that prioritized order.

Recommendation:

In Communications, please include the attached investment listing as it pertains to the City's investment of public funds.

INVESTMENT LISTING AS OF DECEMBER 31, 2015

INVESTMENT NUMBER	BANK	CUSIP/CD NUMBER	SETTLEMENT DATE	MATURITY DATE	CD/DISC INTEREST RATE	PURCHASE PRICE	PAR VALUE	MARKET VALUE
16-22	FHLB (MORGAN STANLEY SMITH BARNEY) ¹²	3130A6VM6	28-Dec-15	28-Dec-18	1.360%	\$ 500,000.00	\$ 500,000.00	\$ 498,547.00
16-15	FHLMC (MORGAN STANLEY SMITH BARNEY) ²	3134G83X5	30-Nov-15	26-Nov-18	1.350%	499,875.00	500,000.00	498,352.00
16-13	FNMA (MORGAN STANLEY SMITH BARNEY) ⁷	3136G2QR1	16-Nov-15	16-Nov-18	0.750%	500,000.00	500,000.00	497,288.00
16-07	FHLMC (MORGAN STANLEY SMITH BARNEY) ¹	3134G7XM8	28-Sep-15	28-Sep-18	0.625%	500,000.00	500,000.00	499,862.00
16-18	FHLB (MORGAN STANLEY SMITH BARNEY) ¹⁰	3130A6TY3	28-Dec-15	28-Jun-18	1.250%	500,000.00	500,000.00	500,080.50
16-06	FHLMC (BB&T CAPITAL MARKETS) ⁵	3134G7VR9	29-Sep-15	29-Mar-18	1.100%	500,000.00	500,000.00	500,422.00
16-12	FFCB (MORGAN STANLEY SMITH BARNEY) ⁶	3133EFKP1	21-Oct-15	21-Dec-17	0.680%	500,000.00	500,000.00	495,697.00
16-08	FFCB (MORGAN STANLEY SMITH BARNEY) ¹¹	3133EFCY1	15-Sep-15	14-Sep-17	0.780%	500,000.00	500,000.00	498,005.50
16-11	FFCB (MORGAN STANLEY SMITH BARNEY) ⁴	3133EFKR7	21-Oct-15	21-Apr-17	0.500%	500,000.00	500,000.00	496,737.50
15-34	FHLMC (MORGAN STANLEY SMITH BARNEY) ⁹	3134G7BT7	12-Jun-15	10-Mar-17	0.670%	499,740.00	500,000.00	498,707.00
LONG TERM (1-3 YEARS)						4,999,615.00	5,000,000.00	4,983,698.50
N/A	BB&T PUBLIC FUND MONEY MARKET ACCT	N/A	N/A	N/A	0.100%	4,580,725.83	4,580,725.83	4,580,725.83
15-33	FHLB (MORGAN STANLEY SMITH BARNEY) ³	3130A5GM5	12-Jun-15	15-Dec-16	0.550%	499,750.00	500,000.00	498,719.00
16-20	JP MORGAN SECURITIES (BB&T CAPITAL MARKETS)	46640PFU2	1-Dec-15	28-Jun-16	0.680%	996,033.33	1,000,000.00	996,800.00
16-23	JP MORGAN SECURITIES (BB&T CAPITAL MARKETS)	46640PFH1	18-Dec-15	17-Jun-16	0.790%	996,006.11	1,000,000.00	997,098.83
16-19	TOYOTA MOTOR CREDIT CO (BB&T CAPITAL MARKETS)	89233GEQ5	2-Dec-15	24-May-16	0.530%	997,438.33	1,000,000.00	997,611.53
16-17	NATIXIS NY BRANCH (BB&T CAPITAL MARKETS)	63873JEB2	17-Nov-15	11-May-16	0.560%	997,262.22	1,000,000.00	997,616.67
16-14	NEWBRIDGE BANK CD	302700	28-Oct-15	25-Apr-16	0.180%	1,000,000.00	1,000,000.00	1,000,000.00
16-10	UBS FINANCE DELAWARE (BB&T CAPITAL MARKETS)	90262CDB0	14-Oct-15	11-Apr-16	0.430%	997,850.00	1,000,000.00	999,016.83
14-28	FNMA (BB&T CAPITAL MARKETS) ⁸	3135G0VA8	6-Jun-14	30-Mar-16	0.500%	501,625.00	500,000.00	500,038.50
15-35	NEWBRIDGE BANK CD	302352	19-Jun-15	15-Mar-16	0.220%	500,000.00	500,000.00	500,000.00

INVESTMENT LISTING AS OF DECEMBER 31, 2015

16-03	NEWBRIDGE BANK CD	302505	12-Aug-15	10-Feb-16	0.230%	1,000,000.00	1,000,000.00	1,000,000.00	
16-05	UBS FINANCE DELAWARE (BB&T CAPITAL MARKETS)	90262CB22	4-Sep-15	2-Feb-16	0.420%	998,238.33	1,000,000.00	999,826.75	
16-21	DEALERS CAPITAL (BB&T CAPITAL MARKETS)	24023GAV9	9-Dec-15	29-Jan-16	0.500%	999,291.67	1,000,000.00	999,551.31	
16-16	DEALERS CAPITAL (BB&T CAPITAL MARKETS)	24023GA64	17-Nov-15	6-Jan-16	0.330%	849,610.42	850,000.00	849,932.00	
15-14	NEWBRIDGE BANK CD	301611	24-Nov-14	6-Jan-16	0.190%	500,000.00	500,000.00	500,000.00	
SHORT TERM (< 1 YEAR)						16,413,831.24	16,430,725.83	16,416,937.25	
TOTAL INVESTMENTS						21,413,446.24	21,430,725.83	21,400,635.75	
NCCMT						31-Dec-15	5,496,511.25	5,496,511.25	5,496,511.25
NCCMT TERM						31-Dec-15	7,788,062.49	7,788,062.49	7,788,062.49
NEWBRIDGE BANK CHECKING						31-Dec-15	3,260,913.78	3,260,913.78	3,260,913.78
TOTAL INVESTMENTS & NCCMT						\$ 37,958,933.76	\$ 37,976,213.35	\$ 37,946,123.27	

Bold investments coincide with the power bill.

¹ - Callable at 3 months (12/28/15), then quarterly. Pays interest at 0.625% (3/28/16), 0.75% (6/28/16), 1.00% (9/28/16), 1.25% (12/28/16), 1.50% (3/28/17), 1.75% (6/28/17), 2.00% (9/28/17), 2.25% (12/28/17), 2.50% (3/28/18), 2.75% (6/28/18), 3.00% (9/28/18) quarterly.

² - Callable at 3 months (2/26/16), then quarterly. Pays interest at 1.35% semi-annually.

³ - Noncallable bullet. Pays interest at 0.55% semi-annually.

⁴ - Noncallable bullet. Pays interest at 0.50% semi-annually.

⁵ - Callable at 3 months (12/29/15), then quarterly. Pays interest at 1.10% semi-annually.

⁶ - Noncallable bullet. Pays interest at 0.68% (@ 60 days 12/21/15), then semi-annually.

⁷ - Callable at 6 months (5/16/16), then quarterly. Pays interest at 0.75% (5/16/16 & 11/16/16), 1.00% (5/16/17), 1.25% (11/16/17), 1.50% (5/16/18), 2.50% (11/16/18) semi-annually.

⁸ - Noncallable bullet. Pays interest at 0.50% semi-annually.

⁹ - Noncallable bullet. Pays interest at 0.67% semi-annually.

¹⁰ - Callable at 6 months (6/28/16), then quarterly. Pays interest at 1.25% semi-annually.

¹¹ - Noncallable bullet. Pays interest at 0.78% semi-annually.

¹² - Callable at 12 months (12/28/16). Pays interest at 1.36% semi-annually.

INVESTMENT LISTING AS OF DECEMBER 31, 2015

By Investment Type	INVESTMENTS	% OF TOTAL	LIMIT	AVAIL.	CURRENT AVG RATE
CD'S	\$ 3,000,000.00	7.91%	100%	92.09%	0.205%
COMMERCIAL PAPER	7,837,453.92	20.65%	30%	9.35%	0.530%
AGENCY PAPER / DISCOUNT NOTES / T-BILLS / REV BONDS	5,982,456.00	15.77%	50%	34.23%	0.843%
BB&T PUBLIC FUND MONEY MARKET	4,580,725.83	12.07%	25%	12.93%	0.100%
SUBTOTAL	<u>21,400,635.75</u>	<u>56.40%</u>			
NCCMT	5,496,511.25	14.49%			0.230%
NCCMT TERM	7,788,062.49	20.52%			0.251%
NEWBRIDGE BANK CHECKING	3,260,913.78	8.59%			0.100%
TOTAL PORTFOLIO	<u>\$ 37,946,123.27</u>	<u>100.00%</u>			

By Issuer	INVESTMENTS	% OF TOTAL	LIMIT	AVAIL.	CURRENT AVG RATE
BB&T - CD/PUBLIC FUND MONEY MARKET	\$ 4,580,725.83	12.07%	25%	12.93%	0.100%
SUNTRUST - CD	-	0.00%	25%	25.00%	0.000%
NEWBRIDGE BANK - CD	3,000,000.00	7.91%	25%	8.50%	0.205%
HOMETRUST BANK - CD	-	0.00%	25%	25.00%	0.000%
BANK OF AMERICA - CD	-	0.00%	25%	25.00%	0.000%
PNC BANK - CD	-	0.00%	25%	25.00%	0.000%
FIRST CITIZENS - CD	-	0.00%	25%	25.00%	0.000%
NATIXIS NY BRANCH - CP	997,616.67	2.63%	20%	17.37%	0.560%
UBS FINANCE DELAWARE - CP	1,998,843.58	5.27%	20%	14.73%	0.425%
TOYOTA MOTOR CREDIT CO - CP	997,611.53	2.63%	20%	17.37%	0.530%
JP MORGAN SECURITIES - CP	1,993,898.83	5.25%	20%	14.75%	0.735%
DEALERS CAPITAL - CP	1,849,483.31	4.87%	20%	15.13%	0.415%
CREDIT AGRICOLE CIB NY - CP	-	0.00%	20%	20.00%	0.000%
FHLB - AP	1,497,346.50	3.95%	25%	21.05%	1.053%
FNMA - AP	997,326.50	2.63%	25%	22.37%	0.625%
FFCB - AP	1,490,440.00	3.93%	25%	21.07%	0.653%
FHLMC - AP	1,997,343.00	5.26%	25%	19.74%	0.936%
SUBTOTAL	<u>21,400,635.75</u>	<u>56.40%</u>			
NCCMT	5,496,511.25	14.49%			0.230%
NCCMT TERM	7,788,062.49	20.52%			0.251%
NEWBRIDGE BANK CHECKING	3,260,913.78	8.59%			0.100%
TOTAL PORTFOLIO	<u>\$ 37,946,123.27</u>	<u>100.00%</u>			

INVESTMENT LISTING AS OF DECEMBER 31, 2015

By Institution	INVESTMENTS	% OF TOTAL	LIMIT	AVAIL.	CURRENT AVG RATE
BB&T ^(5 STAR RATING)	\$ 4,580,725.83	12.07%	25%	12.93%	0.100%
SUNTRUST ^(4 STAR RATING)	-	0.00%	25%	25.00%	0.000%
NEWBRIDGE BANK ^(5 STAR RATING)	3,000,000.00	7.91%	25%	8.50%	0.205%
HOMETRUST BANK ^(4 STAR RATING)	-	0.00%	25%	25.00%	0.000%
BANK OF AMERICA ^(4 STAR RATING)	-	0.00%	25%	25.00%	0.000%
PNC BANK ^(4 STAR RATING)	-	0.00%	25%	25.00%	0.000%
FIRST CITIZENS BANK ^(5 STAR RATING)	-	0.00%	25%	25.00%	0.000%
WELLS FARGO SECURITIES	-	0.00%	100%	100.00%	0.000%
BANK OF AMERICA SECURITIES	-	0.00%	100%	100.00%	0.000%
MORGAN STANLEY SMITH BARNEY	4,981,995.50	13.13%	100%	86.87%	0.852%
BB&T CAPITAL MARKETS	8,837,914.42	23.29%	100%	76.71%	0.584%
SUBTOTAL	21,400,635.75	56.40%			
NCCMT	5,496,511.25	14.49%			0.230%
NCCMT TERM	7,788,062.49	20.52%			0.251%
NEWBRIDGE BANK CHECKING	3,260,913.78	8.59%			0.100%
TOTAL PORTFOLIO	\$ 37,946,123.27	100.00%			

COMMERCIAL PAPER ANALYSIS	INVESTMENTS	% OF TOTAL	LIMIT	AVAIL.	CURRENT AVG RATE
UBS FINANCE DELAWARE	\$ 1,998,843.58	5.27%	20%	14.73%	0.425%
NATIXIS NY BRANCH	997,616.67	2.63%	20%	17.37%	0.560%
CREDIT AGRICOLE CIB NY	-	0.00%	20%	20.00%	0.000%
JP MORGAN SECURITIES	1,993,898.83	5.25%	20%	14.75%	0.735%
DEALERS CAPITAL	1,849,483.31	4.87%	20%	15.13%	0.415%
TOYOTA MOTOR CREDIT CO	997,611.53	2.63%	20%	17.37%	0.530%
TOTAL CP	\$ 7,837,453.92	20.65%			

AGENCY PAPER / DISCOUNT NOTES / TREASURY BILLS / REVENUE BONDS ANALYSIS	INVESTMENTS	% OF TOTAL	LIMIT	AVAIL.	CURRENT AVG RATE
FEDERAL FARM CREDIT BANK (FFCB)	\$ 1,490,440.00	3.93%	25%	21.07%	0.653%
FEDERAL HOME LOAN BANK (FHLB)	1,497,346.50	3.95%	25%	21.05%	1.053%
FANNIE MAE (FNMA)	997,326.50	2.63%	25%	22.37%	0.625%
FREDDIE MAC (FHLMC)	1,997,343.00	5.26%	25%	19.74%	0.936%
US TREASURY BILLS	-	0.00%	25%	25.00%	0.000%
TOTAL AP / DN / T-BILLS / REV BONDS	\$ 5,982,456.00	15.77%			

INVESTMENT LISTING AS OF DECEMBER 31, 2015

TERM ANALYSIS

	INVESTMENTS	% OF TOTAL	LIMIT	AVAIL.	CURRENT AVG RATE
SHORT TERM (< 1 YEAR)	\$ 32,962,424.77	86.87%	100%	13.13%	0.414%
LONG TERM (1-3 YEARS)	4,983,698.50	13.13%	20%	6.87%	0.907%
TOTAL INVESTMENTS	<u>\$ 37,946,123.27</u>	<u>100.00%</u>			

BANK STAR RATING SYSTEM

- 5 STAR RATING - SUPERIOR
- 4 STAR RATING - EXCELLENT
- 3 1/2 STAR RATING - GOOD
- 3 STAR RATING - ADEQUATE
- 2 STAR RATING - PROBLEMATIC
- 1 STAR RATING - TROUBLED

CURRENT INVESTMENTS BY TYPE

