

CITY OF LAS VEGAS

INVESTMENT REPORT

FOURTH QUARTER FY2018



JUNE 30, 2018



INVESTMENT STRATEGY

The City's three principal objectives in managing the investments are to provide safety, to ensure liquidity, and to generate a market rate of return on the investments. Using cash flow projections to match assets with liabilities ensures prudent investment principles, which will enable the City to soundly meet its financial obligations.

The City's Investment Pool has been segregated into four separate investment portfolios. Of the portfolios, approximately 29% is managed internally by the Treasurer's office, 71% is being managed by external investment managers. The internally managed funds are used for current operations and primarily invest in the short-term segment of the market—overnight to one year. The external investment managers target the longer-term segment—generally one year to five years.

Investment Pool — Cash Management Fund: This portfolio is managed internally by the Treasurer's office and targets maturities from overnight to 1 year. The primary focus of this portfolio is to provide the day-to-day liquidity to meet the operating needs of the City. The majority of investments are purchased and held to maturity. The most frequently used investment types are money market funds, commercial papers and federal agency notes. The benchmark used to monitor the performance of this portfolio is a customized index which approximates the averaged weighted maturity of the portfolio.

Investment Pool — Non-Operating Funds: Two external managers, FTN Main Street Advisors and Wells Capital Management, manage approximately \$186 million and \$116 million of the Investment Pool, respectively. The external managers primarily target maturities from 1 year to 5 years and are limited to using only U.S. Treasury securities, federal agency notes, corporate notes, certificates of deposit, and money market funds. The portfolios are benchmarked against the Bank of America Merrill Lynch 1-5 Year Treasury and Agency Index. A third portfolio primarily consisting of AAA rated ABS/MBS securities (approximately \$11 million), managed by FTN Main Street Advisors, is being wound down. The performance of this portfolio is benchmarked against the Bank of America Merrill Lynch 1-3 Year Treasury index.

Non-Investment Pool — For the non-pooled investments such as bond issue proceeds, including such issues as the Redevelopment Projects and Special Improvement Districts, the City keeps these funds' investment maturities typically less than one year. These funds are invested in short-term securities such as Money Market Funds and Federal Agency Discount Notes. Monies that are required by state statute, city ordinance, and bond covenants to be held separately (i.e. Employee Benefits Fund, Self Insurance Liability, and bond reserves) are not part of the investment pool. Cemetery investments are managed by Carriage Services.



INVESTMENTS – TOTAL PORTFOLIOS

The following table reflects the par value of the securities for the Investment Pool and the Non-pooled portfolios.

FUND	PAR VALUE
Investment Pool Portfolios:	
Cash Management	\$ 122,121,434
ABS/MBS	11,143,903
FTN Main Street	175,009,155
Wells Capital	115,707,451
Total Investment Pool Portfolios	\$ 423,981,943

Non-Investment Pool Portfolios:	
CP/Parks/Facilities	\$ 77,012,229
Cemetery	2,461,240
Darling Foundation	705,699
Debt Service	183,048,674
Developer SIDs	40,653,991
Employee Benefits Fund	3,189,106
Fire Services	12,001,539
4th Street Landscaping	47,456
Ogden Parking	116,734
Redevelopment Agency	27,312,678
Sanitation	13,924,973
Self Insurance Funds	3,788,202
Special Programs/Car Rtl	302
Symphony Park TID Admin Cost Fund	50,703
Total Non-Investment Pool Portfolios	\$ 364,313,526
Grand Total Portfolios	\$ 788,295,469



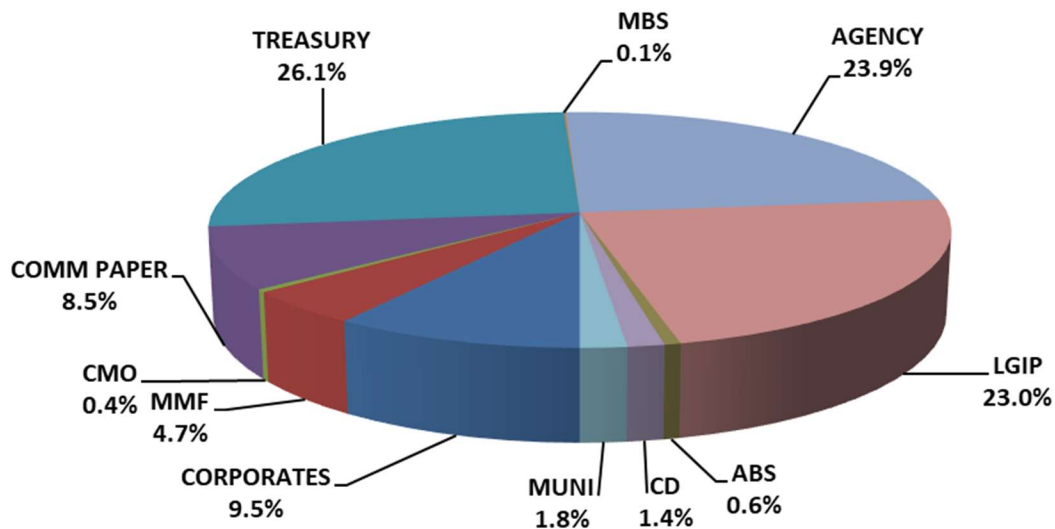
INVESTMENT TYPES – TOTAL PORTFOLIOS

The following table and chart shows the allowable investments per Nevada Revised Statutes and the City’s Investment Policy.

INVESTMENT TYPE	PAR VALUE	%	MAXIMUM MATURITY	AUTHORIZED LIMIT
U.S. Treasury	\$ 205,841,325	26.1%	5 Years	No Limit
U.S. Agencies	188,400,000	23.9%	5 Years	No Limit
Corporate Bonds	74,834,828	9.5%	5 Years	20%
Commercial Paper	67,000,000	8.5%	270 Days	20%
Municipal Bonds	13,924,973	1.8%	N/A	No Limit
Money Market Funds	37,295,025	4.7%	N/A	No Limit
Asset-Backed Securities	4,878,844	0.6%	N/A	20%
Collateralized Mort. Obligations	2,921,506	0.4%	NA	20%
Mortgage Backed Securities	657,394	0.1%	NA	20%
Negotiable Cert. of Deposit	11,000,000	1.4%	N/A	No Limit
Bankers Acceptances			180 Days	20%
Repurchase Agreements			90 Days	20%
Collateralized Invest. Contracts			Match Bond Issue	No Limit
LGIP	181,541,574	23.0%	N/A	No Limit
Total Portfolios	\$ 788,295,469	100.0%		

DISTRIBUTION BY TYPES

AS OF JUNE 30, 2018



CITY OF LAS VEGAS
FOURTH QUARTER OF FISCAL YEAR 2018



INVESTMENT REVIEW

INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS

ISSUER	# OF ISSUES	PAR VALUE	MARKET VALUE	% of TOTAL
Alcoa Inc	1	2,000,000	1,972,020	0.25%
AMERICAN EXPRESS CREDIT AC 1 A	1	95,171	95,009	0.01%
AMERICREDIT AUTOMOBILE REC 1 B	1	246,468	246,057	0.03%
APPLE INC	1	2,000,000	1,966,120	0.25%
Bank of Nova Scotia Hous	1	6,000,000	6,000,000	0.76%
Bank of NY Mellon	2	6,000,000	5,883,090	0.76%
BARCLAYS DRYROCK ISSUANCE 3 A	1	1,177,303	1,158,919	0.15%
Blackrock FedFund Portfolio	10	7,081,448	7,081,448	0.90%
BNP Paribas Fortis SA NY	1	5,000,000	5,000,000	0.63%
Chevron corp	1	5,000,000	4,883,000	0.63%
CHSI	3	5,000,000	4,915,140	0.63%
CitiBank NA	2	8,000,000	7,868,680	1.01%
City of Las Vegas Redevelopment	1	13,924,973	13,924,973	1.77%
COMM 2015-CCRE24 MORTG CR24 A1	1	59,117	59,258	0.01%
Fannie Mae	22	70,202,416	68,945,846	8.91%
Farmer Mac	1	4,000,000	4,002,320	0.51%
Federal Farm Credit Bank	4	19,800,000	19,307,700	2.51%
Federal Home Loan Bank	5	27,000,000	26,588,020	3.43%
Federated Money Market Fund	4	1,928,719	1,928,719	0.24%
First American Government Obli	13	270,807	270,807	0.03%
Freddie Mac	22	68,873,170	67,555,493	8.74%
General Electric Cap Corp	3	20,000,000	19,871,210	2.54%
Goldman Sachs Fin Sq Govt	1	4,000,000	4,011,640	0.51%
IBM	1	3,000,000	2,971,560	0.38%
Johnson & Johnsln	1	2,000,000	1,967,120	0.25%
JP Morgan	3	22,000,000	21,793,328	2.79%
JP MORGAN CHASE COM C4 A3 144A	1	51,985	48,339	0.01%
JPM Chase	1	5,000,000	4,935,700	0.63%
Keybanc Capital	1	2,000,000	1,932,540	0.25%
Local Govt Investment Pool	10	181,541,574	181,541,574	23.03%
MORGAN STANLEY BANK OF C14 A2	1	854,946	842,517	0.11%
Morgan Stanley Liq Treas	11	9,113,140	9,113,140	1.16%
NATIONAL RURAL UTILITIES COOPE	1	869,690	867,755	0.11%
Natixis NY Branch	1	10,000,000	9,920,138	1.27%
NEVADA POWER CO	1	503,995	499,982	0.06%
Novartis Capital Group	1	2,000,000	1,969,020	0.25%
Oracle Corp	2	4,000,000	3,891,740	0.51%
Regions Tust Money Market Depo	1	97	97	0.00%
SANTANDER DRIVE AUTO RECEI 4 D	1	1,164,204	1,152,128	0.15%
SBA GTD PARTN CTFS 1999-20E 1	1	35,375	35,135	0.00%

CITY OF LAS VEGAS
FOURTH QUARTER OF FISCAL YEAR 2018



INVESTMENT REVIEW

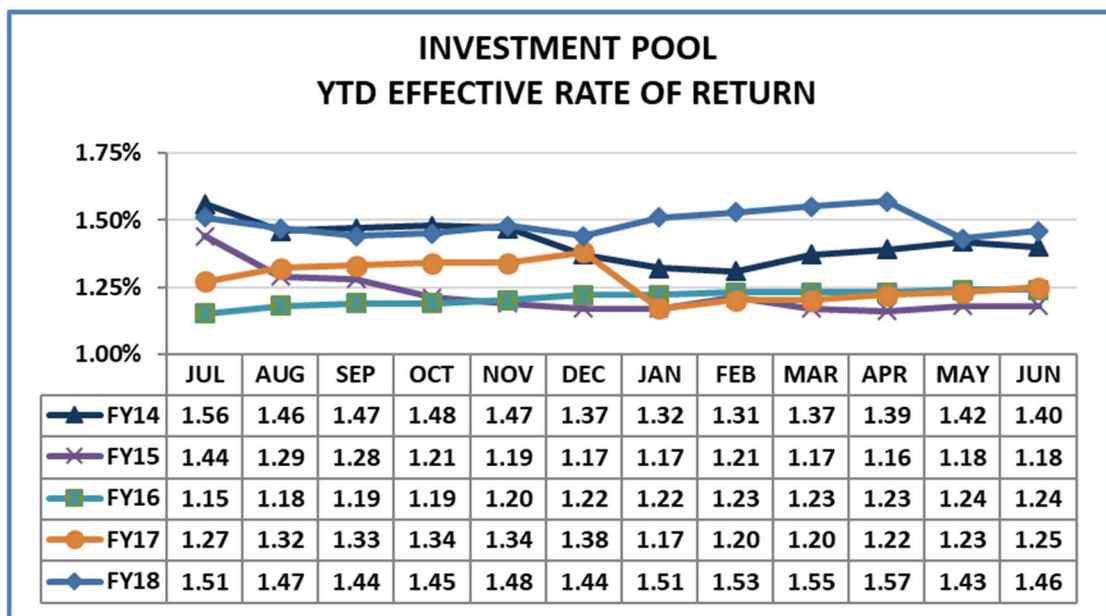
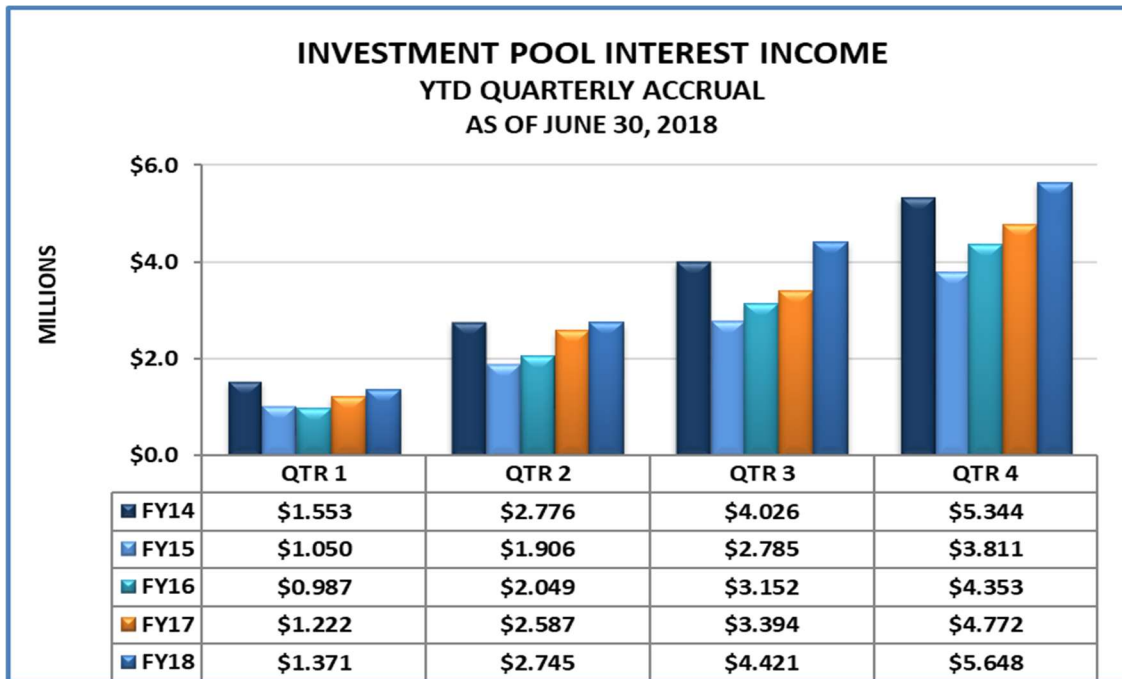
INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS (continued)

ISSUER	# OF	PAR VALUE	MARKET	% of
SECURITIZED TERM AU 1A A3 144A	1	744,414	740,915	0.09%
Short Term Tres	26	18,086,256	15,784,758	2.29%
STIT-TREASURY PTF-INS 7D	1	814,558	814,558	0.10%
STYX Private Fund LLP Pool ABC	1	2,461,143	2,121,077	0.31%
Toyota Financial Services	4	22,000,000	21,792,092	2.79%
United States Treasury	11	205,841,325	205,222,487	26.11%
US Bank N.A.	1	5,000,000	4,881,800	0.63%
Wal-Mart Stores	1	5,000,000	5,024,800	0.63%
Wells Fargo Capital	2	4,000,000	3,971,560	0.51%
WELLS FARGO COMMERCIAL C26 A2	1	652,175	639,472	0.08%
WELLS FARGO COMMERCIAL C28 A2	1	485,091	475,342	0.06%
WORLD FINANCIAL NETWORK CR B A	1	1,415,908	1,401,317	0.18%
Grand Total	192	788,295,469	779,887,459	100.00%



INTEREST INCOME – INVESTMENT POOL PORTFOLIO

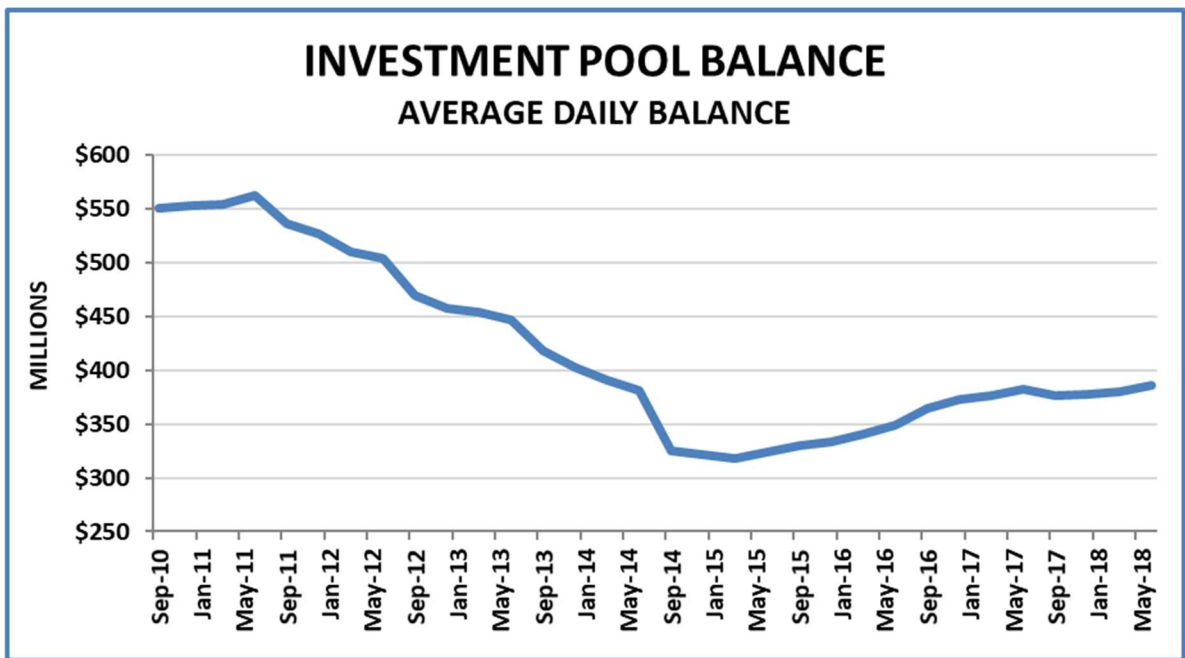
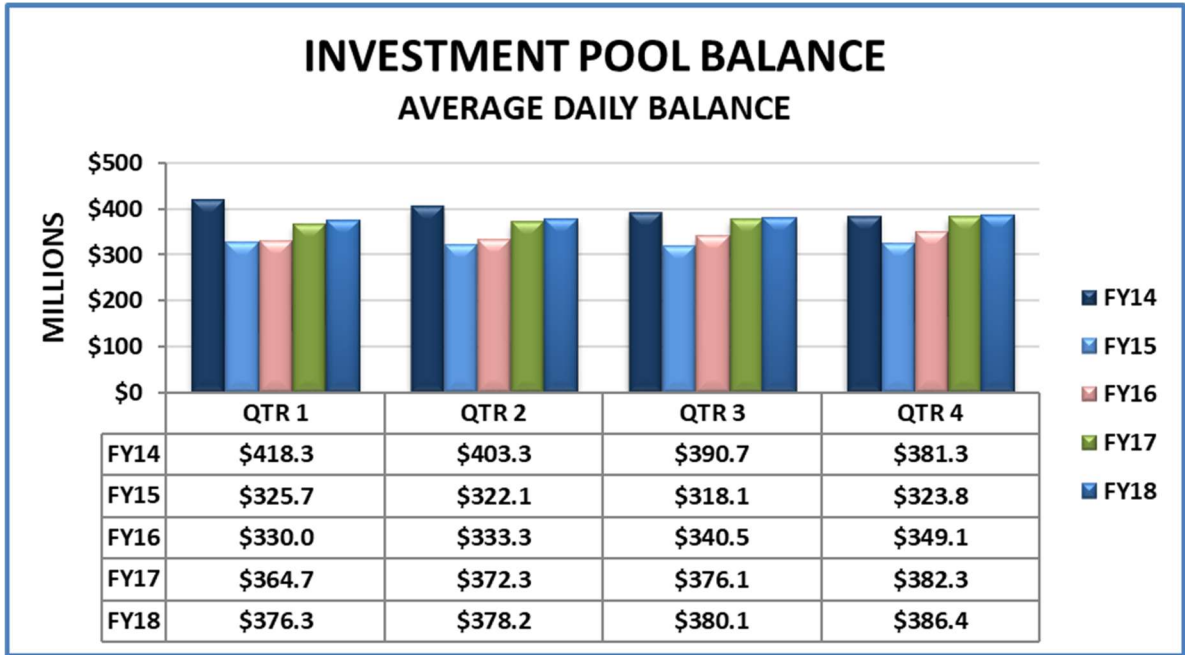
The Investment Pool produced \$1,227,000 of interest income for fourth quarter of fiscal year 2018; this was a decrease of \$152,000 compared to same quarter in fiscal year 2017. The City’s effective annual rate of return for the Investment Pool for the fourth quarter of fiscal year-to-date 2018 was 1.46% compared to 1.25% for the same period of the previous fiscal year.





INVESTMENT BALANCES – INVESTMENT POOL PORTFOLIO

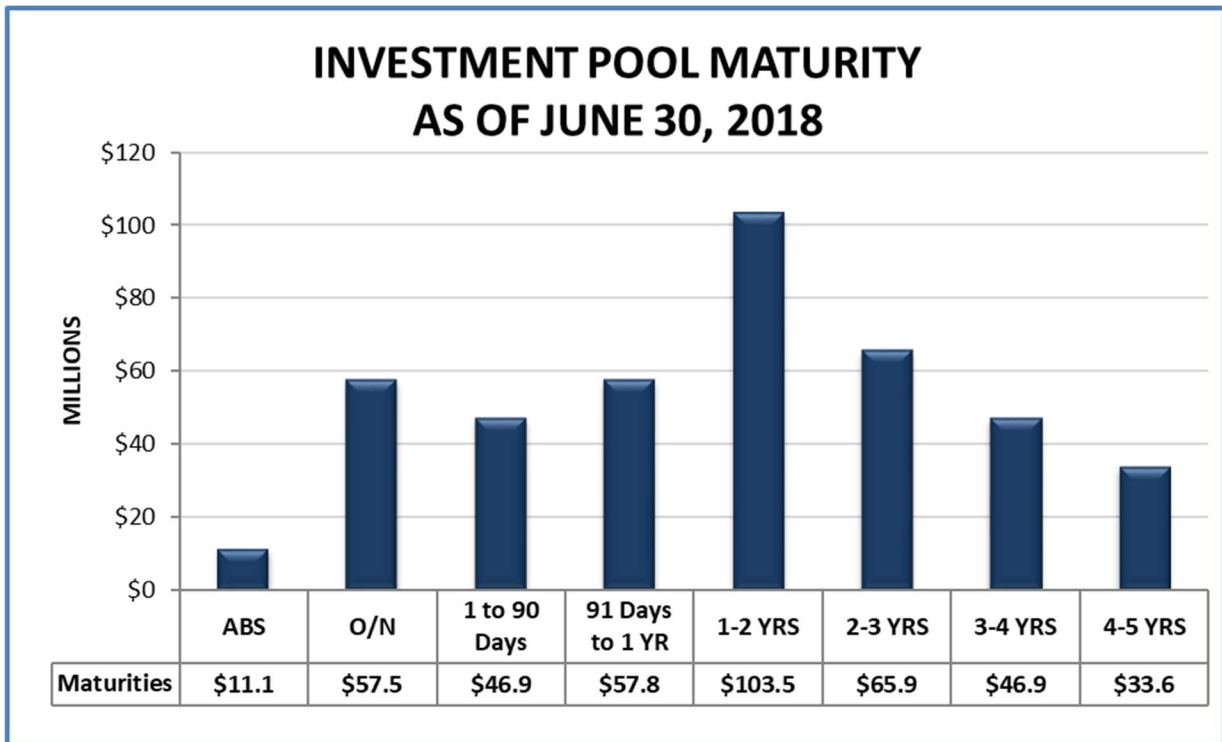
The average daily balance of the Investment Pool for fiscal year 2018 increased approximately \$4.1 million compared to the same period of the previous fiscal year. This increase was due to cash inflows exceeding cash outflows during the year.





INVESTMENT MATURITY – INVESTMENT POOL PORTFOLIO

The Investment Pool had an overall average weighted maturity of approximately 1.56 years and a modified duration of 1.49 years. The Cash Management portfolio and cash in the bank are used to meet the City’s cash flow operating needs.





MARK-TO-MARKET INFORMATION – INVESTMENT POOL PORTFOLIO

The Governmental Accounting Standards Board (GASB) Statement 31 requires governmental entities to report certain investments at “fair” or market value for annual financial reporting purposes. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Treasurer’s Office monitors the market value change on a monthly basis and reports the annual change in the City’s Comprehensive Annual Financial Report.

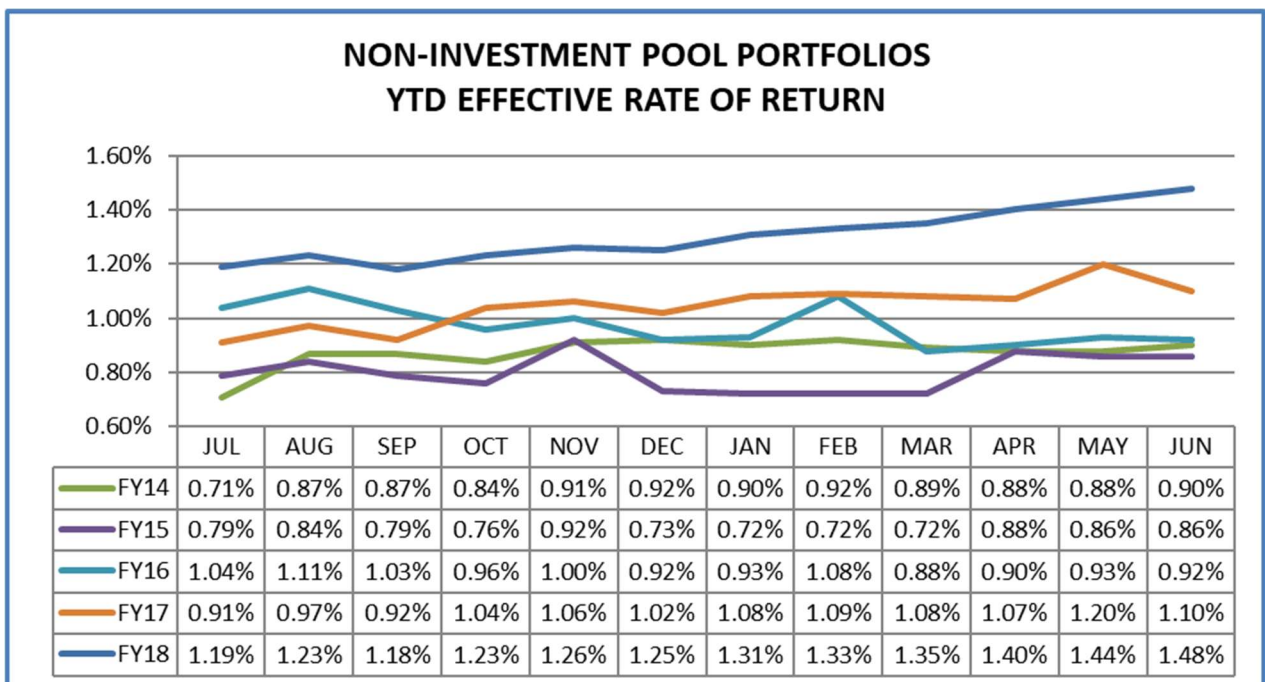
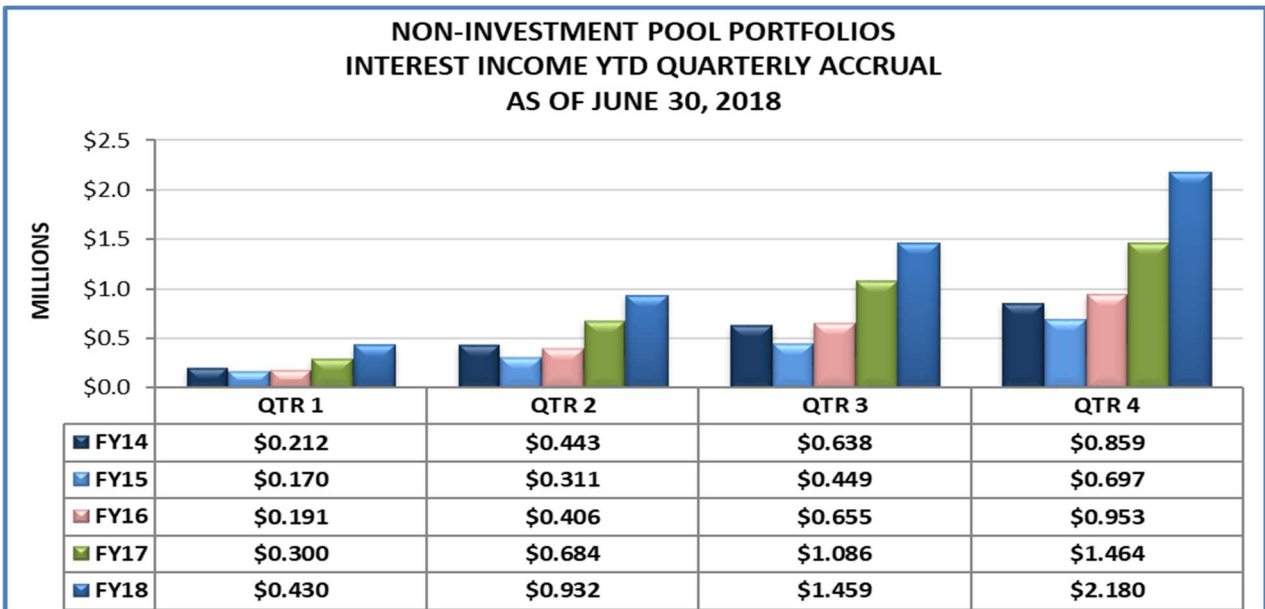
INVESTMENT POOL
 MARK-TO-MARKET
 FISCAL YEAR 2018

DESCRIPTION	AMOUNT
Invested Value at June 30, 2018	782,130,925
Add: Proceeds of Investments Matured/Sold in FY18	749,556,203
Less: Cost of Investments Purchased in FY18	(817,376,181)
Add: Amortization Adjustment	(833,997)
Less: Invested Value at June 30, 2017	(717,427,203)
Change in Market Value of Investments	(3,950,253)



INTEREST INCOME – NON INVESTMENT POOL PORTFOLIOS

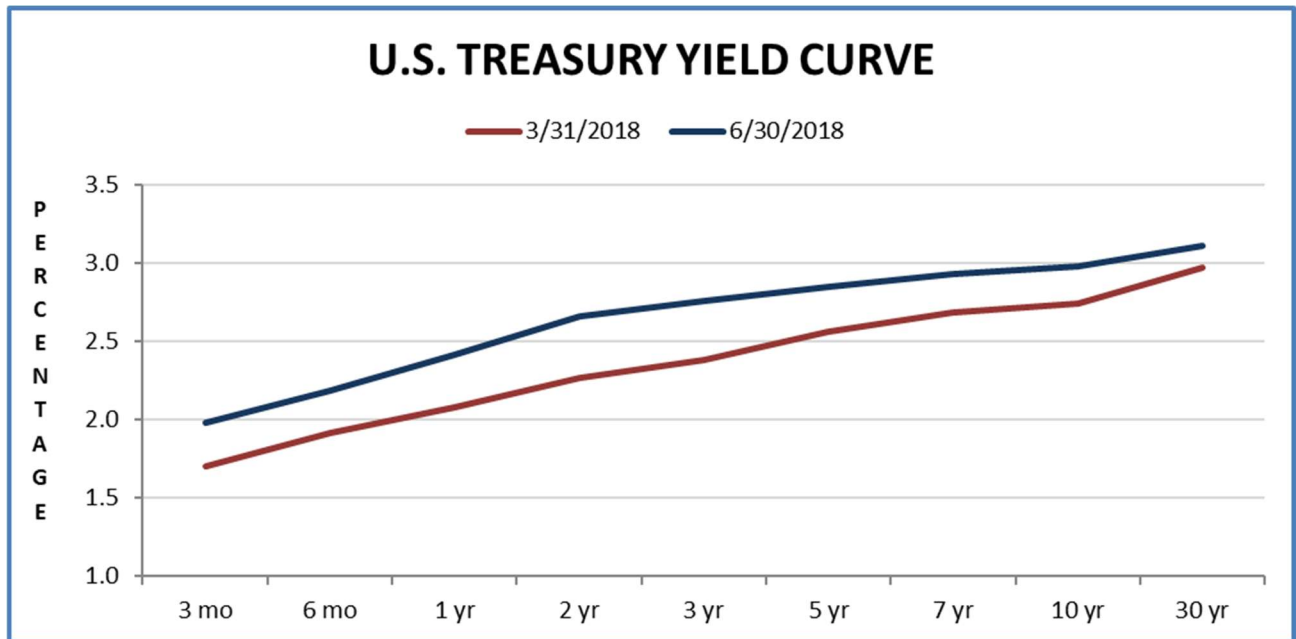
The Non-Investment Pool portfolios produced \$721,000 of interest income for the fourth quarter of fiscal year 2018; this was an increase of \$342,000 compared to the same quarter of fiscal year 2017. The effective rate of return for the Non-Investment Pool portfolios for fiscal year-to-date 2018 was 1.48% compared to 1.10% for the same period of the previous fiscal year.





TREASURY YIELD CURVE

The chart and table below display the changes in the U.S. Treasury securities' yields at various maturities.



U.S. TREASURY YIELD CURVE COMPARISON			
3/31/18 TO 6/30/18			
MATURITY	3/31/2018	6/30/2018	CHANGE IN PERCENT
3 Month T-Bill	1.700%	1.981%	0.281
6 Month T-Bill	1.914%	2.182%	0.268
1 Year T-Bill	2.082%	2.414%	0.332
2 Year T-Note	2.266%	2.665%	0.399
3 Year T-Note	2.383%	2.760%	0.377
5 Year T-Note	2.562%	2.851%	0.289
7 Year T-Note	2.684%	2.935%	0.251
10 Year T-Note	2.739%	2.977%	0.238
30 Year T-Bond	2.974%	3.109%	0.135