

CITY OF LAS VEGAS

INVESTMENT REPORT

FOURTH QUARTER FY 2019



JUNE 30, 2019



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 23% is managed internally by the Treasurer's office, 77% 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 \$238 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 ICE BofAML 0-5 Year Treasury, Agency, and Corporate Index. A third portfolio primarily consisting of AAA rated ABS/MBS securities (approximately \$.1 million), managed by FTN Main Street Advisors, is being wound down. The performance of this portfolio is benchmarked against the ICE BofAML 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	\$ 110,241,235
ABS/MBS	-
FTN Main Street	248,199,092
Wells Capital	116,379,162
Total Investment Pool Portfolios	\$ 474,819,488

Non-Investment Pool Portfolios:	
CP/Parks/Facilities	\$ 107,406,919
Cemetery	2,512,899
Darling Foundation	719,364
Debt Service	176,081,666
Developer SIDs	37,742,447
Employee Benefits Fund	1,209,251
Fire Services	9,351,654
4th Street Landscaping	48,457
Ogden Parking	119,196
Redevelopment Agency	36,774,525
Sanitation	12,377,754
Self Insurance Funds	3,837,241
Special Programs/Car Rtl	292
Symphony Park TID Admin Cost Fund	51,769
Total Non-Investment Pool Portfolios	\$ 388,233,432
Grand Total Portfolios	\$ 863,052,920



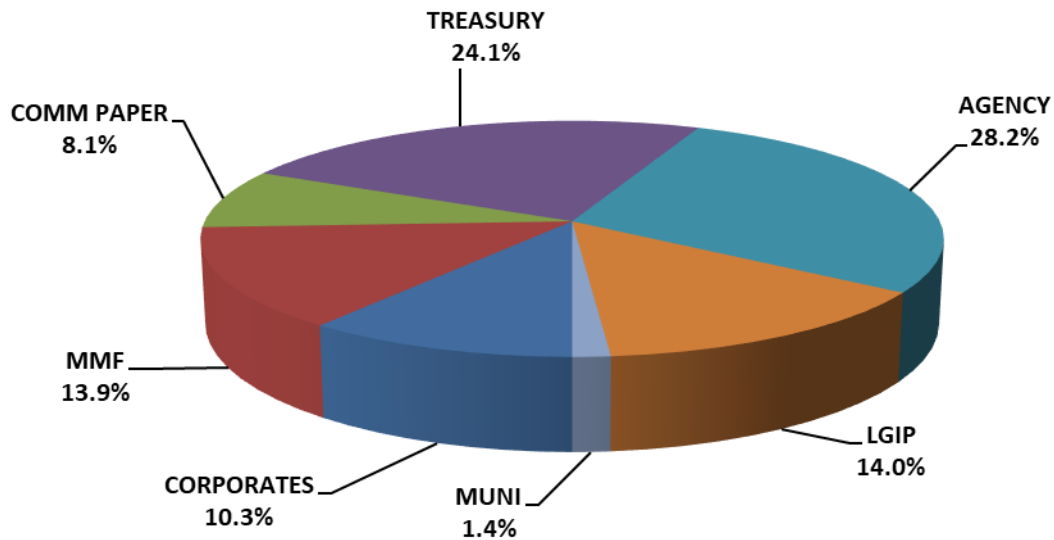
INVESTMENT TYPES – TOTAL PORTFOLIOS

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	\$ 207,824,551	24.1%	5 Years	No Limit
U.S. Agencies	243,400,000	28.2%	5 Years	No Limit
Corporate Bonds	89,276,592	10.3%	5 Years	20%
Commercial Paper	70,000,000	8.1%	270 Days	20%
Municipal Bonds	12,377,754	1.4%	N/A	No Limit
Money Market Funds	119,545,055	13.9%	N/A	No Limit
Asset-Backed Securities	-	0.0%	N/A	20%
Collateralized Mort. Obligations	-	0.0%	N/A	20%
Mortgage Backed Securities	-	0.0%	N/A	20%
Negotiable Cert. of Deposit	-	0.0%	N/A	No Limit
Bankers Acceptances			180 Days	20%
Repurchase Agreements			90 Days	20%
Collateralized Invest. Contracts			Match Bond Issue	No Limit
LGIP	120,628,969	14.0%	N/A	No Limit
Total Portfolios	\$ 863,052,920	100.0%		

DISTRIBUTION BY TYPES

AS OF JUNE 30, 2019



CITY OF LAS VEGAS
FOURTH QUARTER OF FISCAL YEAR 2019



INVESTMENT REVIEW

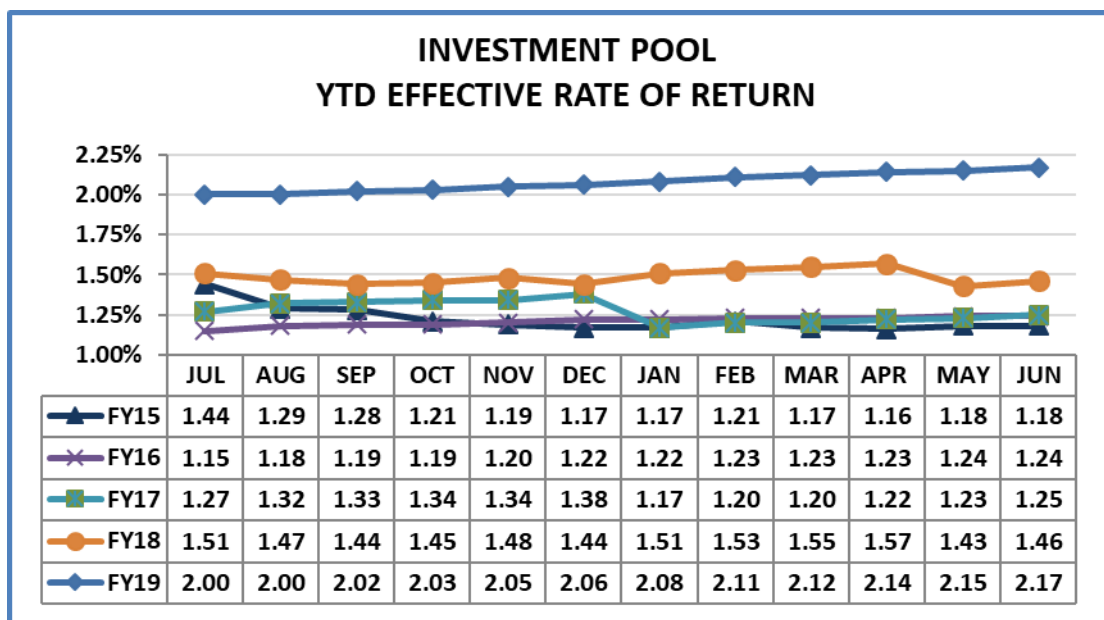
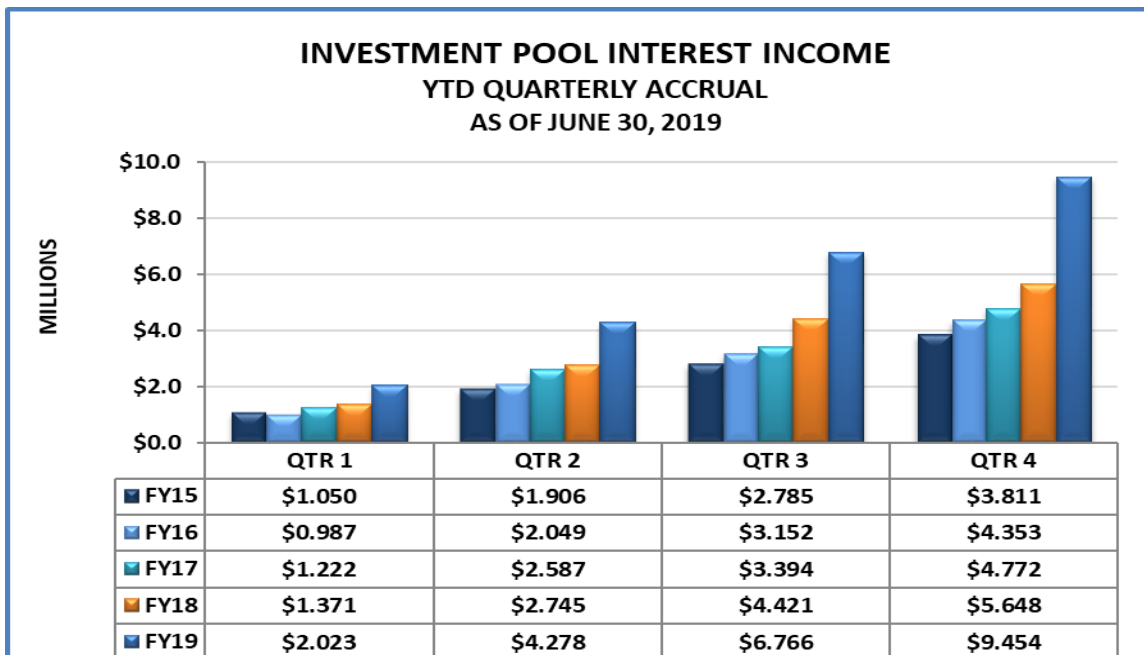
INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS

ISSUER	# OF ISSUES	PAR VALUE	MARKET VALUE	% of TOTAL
Alcoa Inc	2	5,000,000	5,135,120	0.58%
APPLE INC	1	2,000,000	1,995,140	0.23%
CitiBank NA	2	8,000,000	7,989,740	0.93%
Blackrock FedFund Portfolio	14	42,569,979	42,569,979	4.93%
Bank of NY Mellon	2	6,000,000	6,046,770	0.70%
CHSI	3	5,000,000	4,997,410	0.58%
City of Las Vegas Redevelopment	1	12,377,754	12,377,754	1.43%
Chevron corp	1	5,000,000	5,004,400	0.58%
First American Government Obli	9	313,404	313,404	0.04%
Farmer Mack	1	10,000,000	10,016,600	1.16%
Federated Money Market Fund	4	1,012,988	1,012,988	0.12%
Federal Farm Credit Bank	10	57,800,000	58,565,494	6.70%
Federal Home Loan Bank	10	50,500,000	51,337,250	5.85%
Freddie Mac	17	70,600,000	70,516,003	8.18%
Fannie Mae	12	54,500,000	54,370,080	6.31%
Goldman Sachs Fin Sq Govt	1	4,000,000	4,034,080	0.46%
American Honda Finance	1	2,000,000	2,101,280	0.23%
IBM	1	3,000,000	3,016,590	0.35%
Short Term Tres	32	66,509,964	66,509,964	7.71%
Johnson & Johnsin	1	2,000,000	2,001,720	0.23%
JP Morgan	2	20,000,000	19,664,250	2.32%
JPM Chase	1	5,000,000	4,998,450	0.58%
Local Govt Investment Pool	11	120,628,969	120,628,969	13.98%
Keybanc Capital	2	8,000,000	8,241,536	0.93%
Metlife Inc	1	3,500,000	3,694,950	0.41%
Morgan Stanley Liq Treas	11	9,097,412	9,097,412	1.05%
MUFG Bank LTD/NY	2	20,000,000	19,736,763	2.32%
Natixis NY Branch	1	10,000,000	9,868,775	1.16%
Novartis Capital Group	1	2,000,000	1,993,960	0.23%
Oracle Corp	2	4,000,000	4,017,020	0.46%
Regions Tust Money Market Depo	1	41,308	41,308	0.00%
STYX Private Fund LLP Pool ABC	1	2,471,592	2,034,044	0.29%
Toyota Financial Services	3	27,000,000	7,249,480	3.13%
US Bank N.A.	2	8,305,000	8,356,319	0.96%
U.S. Treasury	9	207,824,551	207,506,851	24.08%
Wells Fargo Capital	1	2,000,000	1,998,120	0.23%
Wal-Mart Stores	1	5,000,000	5,109,100	0.58%
Grand Total	177	863,052,920	844,149,072	100.00%



INTEREST INCOME – INVESTMENT POOL PORTFOLIO

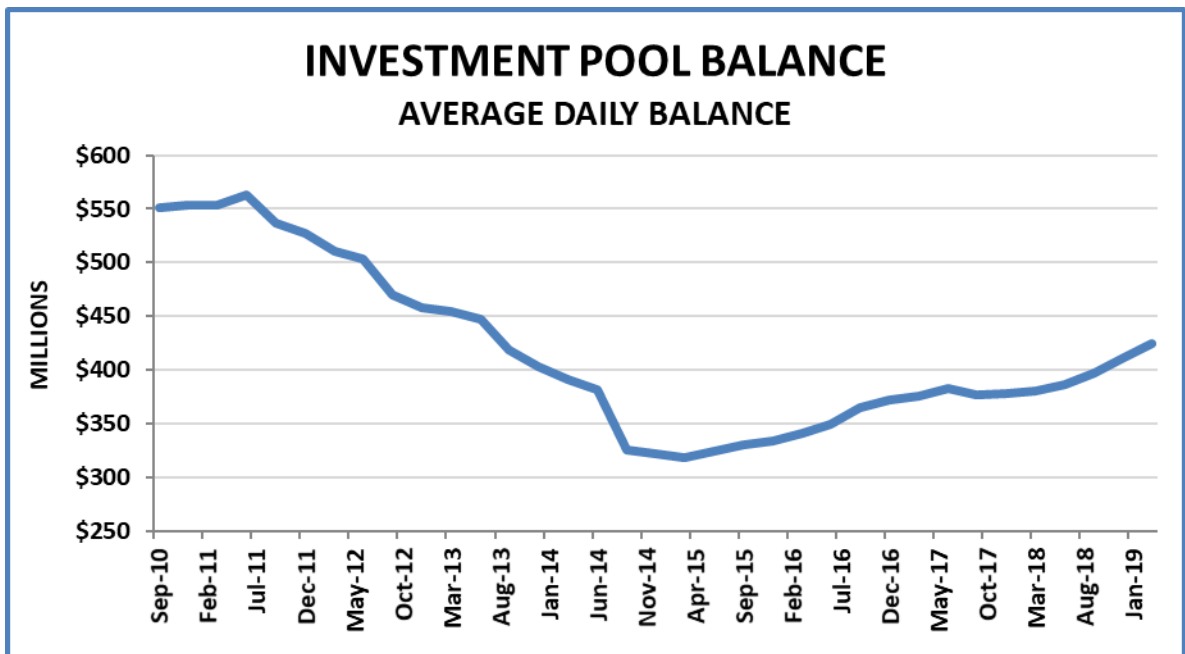
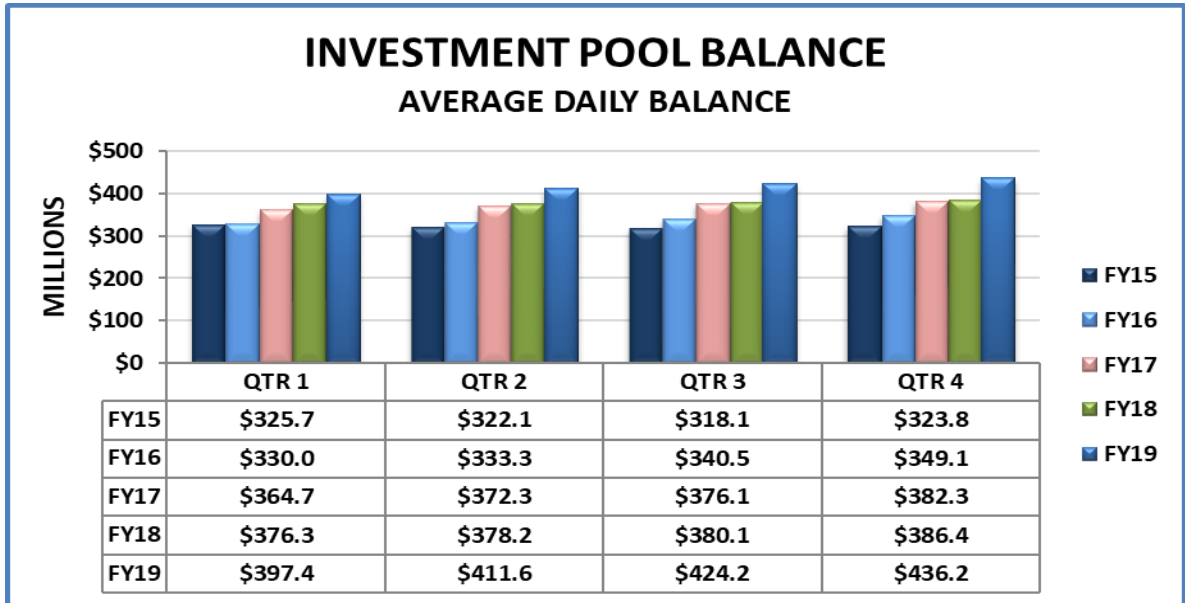
The Investment Pool produced \$2,688,000 of interest income for fourth quarter of fiscal year 2019; this was an increase of \$1,461,000 compared to same quarter in fiscal year 2018. The City’s effective annual rate of return for the Investment Pool for the fourth quarter of fiscal year 2019 was 2.17% compared to 1.46% for the same period of the previous fiscal year.





INVESTMENT BALANCES – INVESTMENT POOL PORTFOLIO

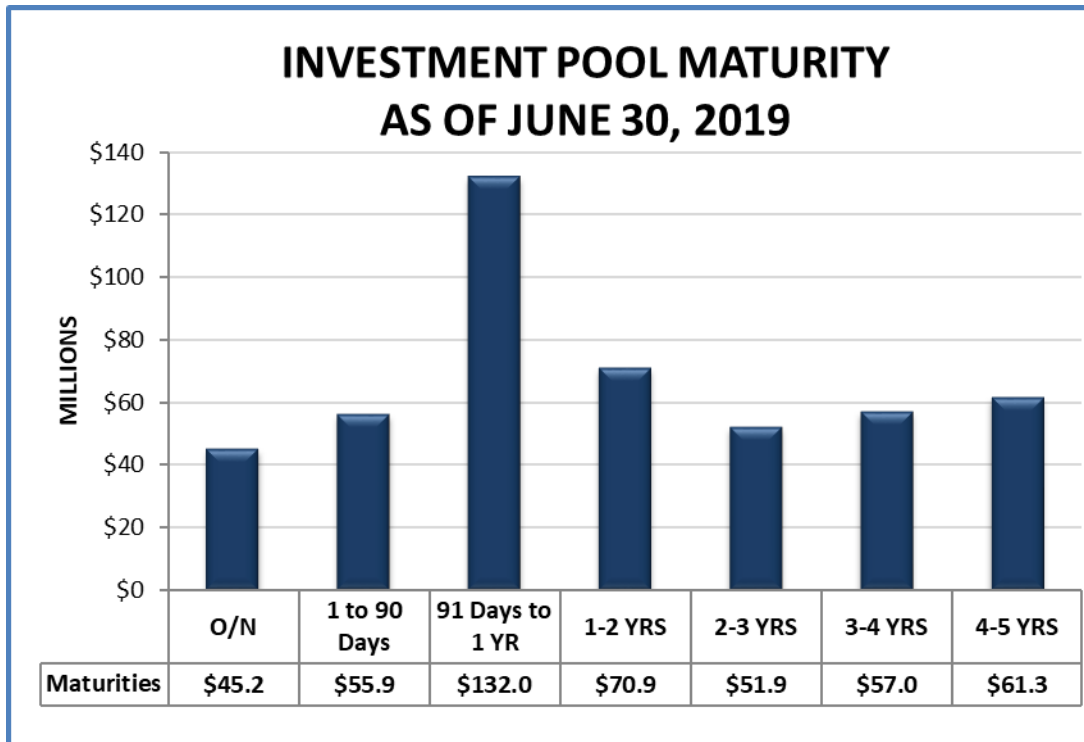
The average daily balance of the Investment Pool for fiscal year 2019 increased approximately \$49.7 million compared to the same period of the previous fiscal year. This increase was due to cash inflows exceeding cash outflows during the year.





INVESTMENT MATURITY – INVESTMENT POOL PORTFOLIO

The Investment Pool had an overall average weighted maturity of approximately 1.67 years and a modified duration of 1.65 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 – TOTAL INVESTMENT 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.

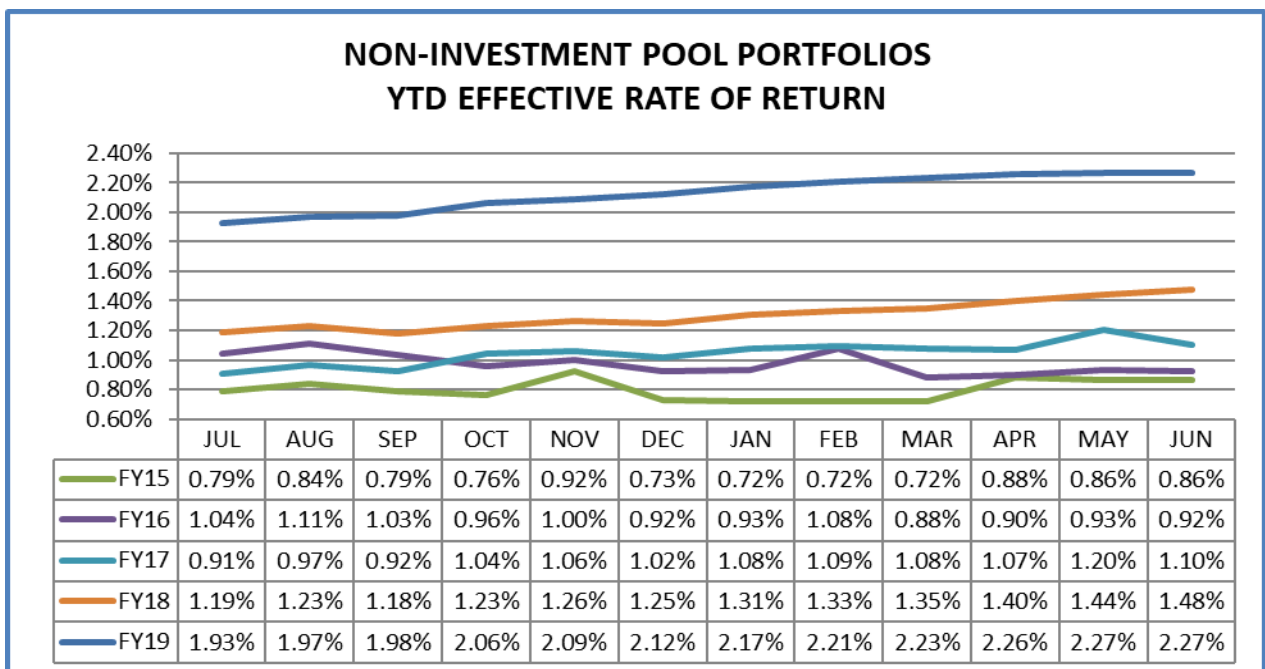
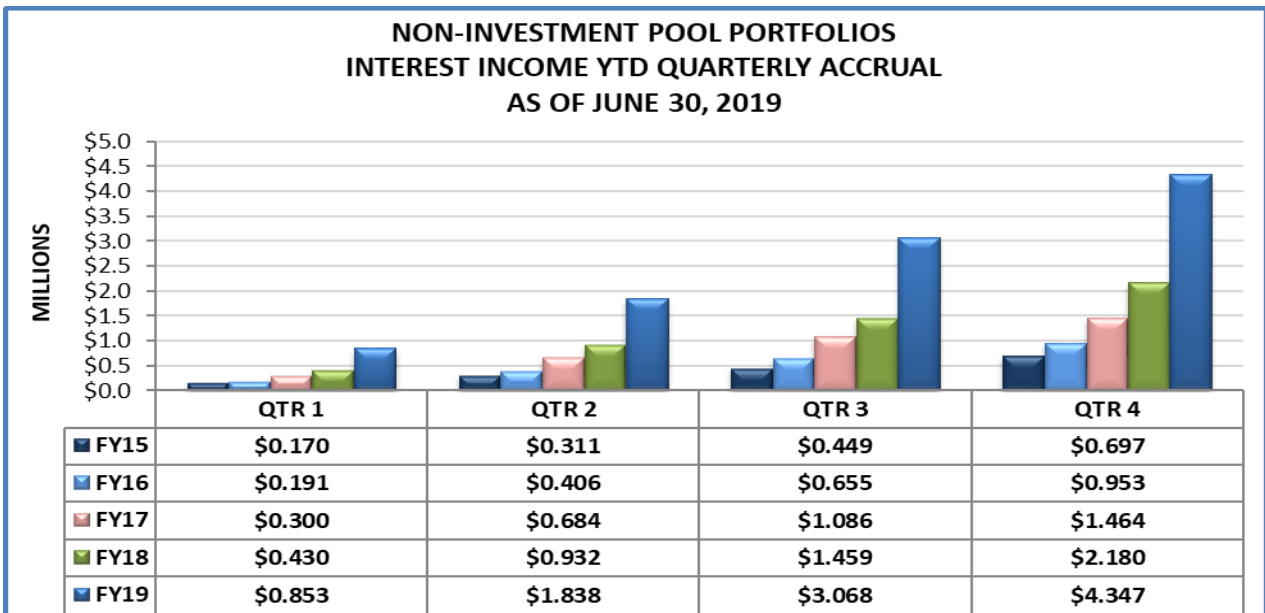
**TOTAL INVESTMENT PORTFOLIO
 MARK-TO-MARKET
 FISCAL YEAR 2019**

DESCRIPTION	AMOUNT
Invested Value at June 30, 2019	864,291,661
Add: Proceeds of Investments Matured/Sold in FY19	968,766,314
Less: Cost of Investments Purchased in FY19	(1,041,306,284)
Add: Amortization Adjustment	(2,063,541)
Less: Invested Value at June 30, 2018	(782,137,645)
Change in Market Value of Investments	7,550,506



INTEREST INCOME – NON INVESTMENT POOL PORTFOLIOS

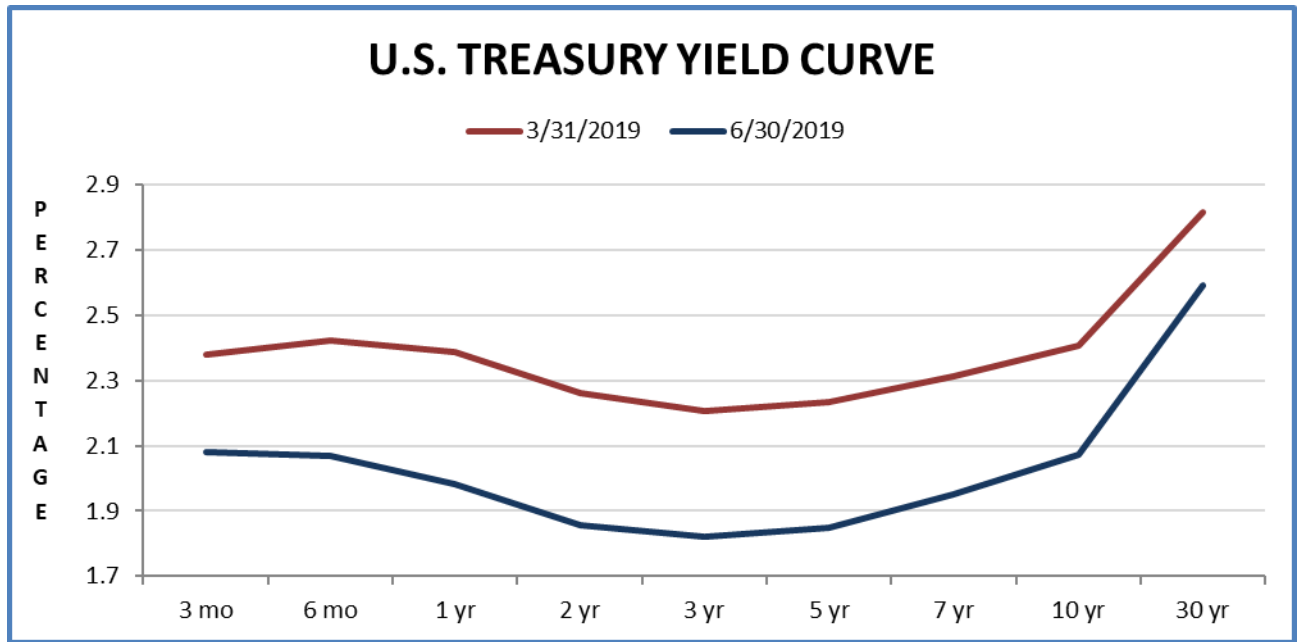
The Non-Investment Pool portfolios produced \$1,279,000 of interest income for the fourth quarter of fiscal year 2019; this was an increase of \$558,000 compared to the same quarter of fiscal year 2018. The effective rate of return for the Non-Investment Pool portfolios for fiscal year 2019 was 2.27% compared to 1.48% 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			
3/31/19 TO 6/30/19			
MATURITY	3/31/2019	6/30/2019	CHANGE IN PERCENT
3 Month T-Bill	2.381%	2.082%	(0.299)
6 Month T-Bill	2.422%	2.069%	(0.353)
1 Year T-Bill	2.387%	1.982%	(0.405)
2 Year T-Note	2.260%	1.856%	(0.404)
3 Year T-Note	2.205%	1.821%	(0.384)
5 Year T-Note	2.233%	1.850%	(0.383)
7 Year T-Note	2.313%	1.949%	(0.364)
10 Year T-Note	2.405%	2.072%	(0.333)
30 Year T-Bond	2.814%	2.591%	(0.223)