

CITY OF LAS VEGAS

INVESTMENT REPORT

FOURTH QUARTER FY2017



JUNE 30, 2017



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 20% is managed internally by the Treasurer's office, 80% 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 each manage approximately \$100 million of the Investment Pool. The external managers 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 were funded on October 4, 2005 and the performances are benchmarked against the Bank of America Merrill Lynch 1-5 Year Treasury and Agency Index. Another external manager, Buckhead Capital Management, manages approximately \$65 million of the Investment Pool. This segment of the Investment Pool is invested primarily in AAA-rated federal agency mortgage-backed securities and AAA-rated asset-backed securities. 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	\$ 76,561,913
Buckhead Capital	69,057,484
FTN Main Street	126,034,399
Wells Capital	116,218,898
Total Investment Pool Portfolios	\$ 387,872,694

Non-Investment Pool Portfolios:	
CP/Parks/Facilities	\$ 71,270,697
Cemetery	2,421,516
Darling Foundation	850,198
Debt Service	191,052,506
Developer SIDs	31,604,776
Employee Benefits Fund	3,124,685
Fire Services	73,189
Road and Flood	3,486,030
4th Street Landscaping	46,924
Ogden Parking	115,427
Redevelopment Agency	6,005,786
Sanitation	15,472,192
Sanitation Construction Fund	-
Self Insurance Funds	5,428,047
Special Programs/Car Rtl	292
Symphony Park TID Admin Cost Fund	50,137
Total Non-Investment Pool Portfolios	\$ 331,002,403
Grand Total Portfolios	\$ 718,875,097



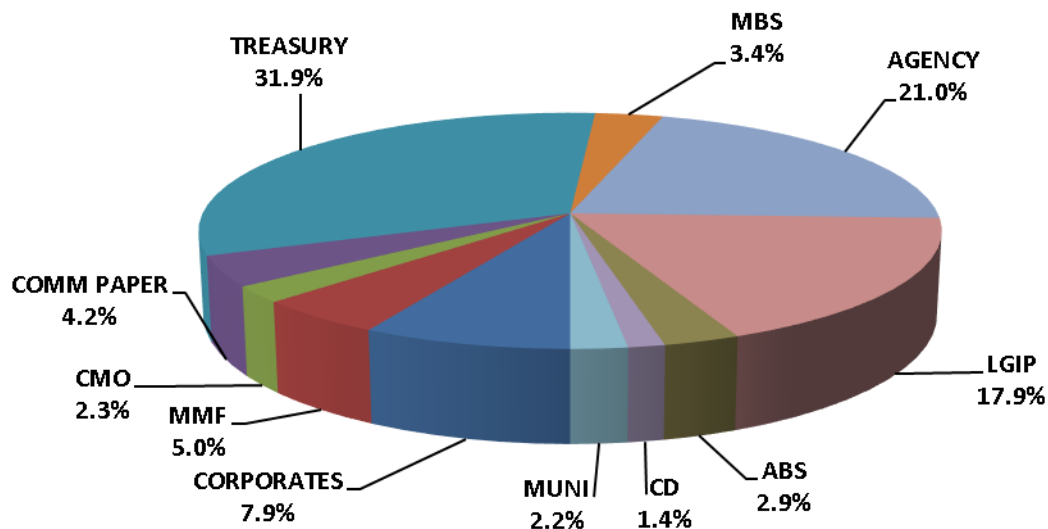
INVESTMENT TYPES – TOTAL PORTFOLIOS

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	\$ 229,470,785	31.9%	5 Years	No Limit
U.S. Agencies	150,700,000	21.0%	5 Years	No Limit
Corporate Bonds	56,859,740	7.9%	5 Years	20%
Commercial Paper	30,000,000	4.2%	270 Days	20%
Municipal Bonds	15,472,192	2.2%	N/A	No Limit
Money Market Funds	35,735,893	5.0%	N/A	No Limit
Asset-Backed Securities	20,798,368	2.9%	N/A	20%
Collateralized Mort. Obligations	16,334,136	2.3%	NA	20%
Mortgage Backed Securities	24,517,913	3.4%	NA	20%
Negotiable Cert. of Deposit	10,000,000	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	128,986,069	17.9%	N/A	No Limit
Total Portfolios	\$ 718,875,097	100.0%		

DISTRIBUTION BY TYPES

AS OF JUNE 30, 2017



CITY OF LAS VEGAS
FOURTH QUARTER OF FISCAL YEAR 2017



INVESTMENT REVIEW

INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS

ISSUER	# OF ISSUES	PAR VALUE	MARKET VALUE	% of TOTAL
Alcoa Inc	1	2,000,000	1,980,980	0.28%
AMERICAN EXPRESS CREDIT AC 1 A	1	95,236	95,349	0.01%
AMERICREDIT AUTOMOBILE REC 1 B	1	1,012,489	1,012,030	0.14%
AMERICREDIT AUTOMOBILE REC 3 C	1	553,451	553,861	0.08%
AMERICREDIT AUTOMOBILE REC 4 C	1	1,007,650	1,007,560	0.14%
APPLE INC	2	7,000,000	6,980,740	0.97%
BA CREDIT CARD TRUST A1 A	1	160,000	160,254	0.02%
BA CREDIT CARD TRUST A2 A	1	1,015,832	1,014,208	0.14%
Bank of America Corp	1	2,000,000	2,002,660	0.28%
Bank of NY Mellon	3	3,000,000	3,020,970	0.42%
BARCLAYS DRYROCK ISSUANCE 3 A	1	1,033,794	1,033,066	0.14%
Blackrock FedFund Portfolio	15	6,376,610	6,376,610	0.89%
BMW VEHICLE OWNER TRUST 2 A A3	1	79,872	79,888	0.01%
CABELA'S CREDIT CARD MAS 1A A2	1	1,189,829	1,205,832	0.17%
CAPITAL AUTO RECEIVAB 3 B 144A	1	1,004,621	1,003,670	0.14%
CAPITAL AUTO RECEIVABLES 2 A3	1	998,051	998,180	0.14%
CAPITAL ONE MULTI-ASSET A1 A1	1	1,288,729	1,289,432	0.18%
CARMAX AUTO OWNER TRUST 2 2 A3	1	745,388	742,871	0.10%
CHASE ISSUANCE TRUST A2 A	1	1,156,263	1,147,550	0.16%
Chevron corp	2	7,000,000	7,001,480	0.97%
CHSI	3	5,000,000	5,002,440	0.70%
City of Las Vegas Redevelopment	1	15,472,192	15,472,192	2.15%
COMM 2015-CCRE24 MORTG CR24 A1	1	249,376	250,408	0.03%
DISCOVER CARD EXECUTION A1 A1	1	1,257,005	1,210,632	0.17%
Exxon Mobil	1	5,000,000	4,996,950	0.70%
Fannie Mae	53	97,468,094	97,148,378	13.56%
Federal Farm Credit Bank	2	10,000,000	10,024,200	1.39%
Federal Home Loan Bank	3	15,000,000	14,957,750	2.09%
Federated Money Market Fund	9	1,907,760	1,907,760	0.27%
First American Government Obli	15	231,327	231,327	0.03%
FORD CREDIT AUTO OWNER TRU A C	1	1,308,524	1,308,164	0.18%
FORD CREDIT FLOORPLAN MAS 5 A2	1	980,000	982,656	0.14%
Freddie Mac	25	60,197,605	59,721,662	8.37%
Ginnie Mae	1	313,008	310,831	0.04%
HERTZ FLEET LEASE FU 1 A2 144A	1	999,879	998,490	0.14%
HYUNDAI AUTO RECEIVABLES A A4	1	948,789	947,929	0.13%
INV SHORT TERM INV CO	1	2,000,000	1,997,860	0.28%

CITY OF LAS VEGAS
FOURTH QUARTER OF FISCAL YEAR 2017



INVESTMENT REVIEW

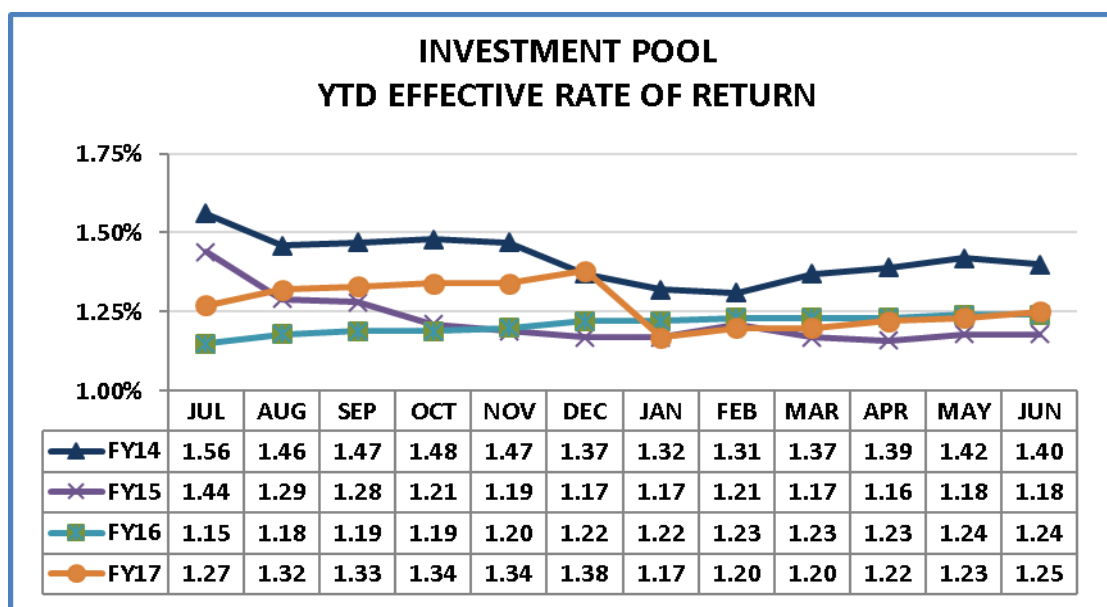
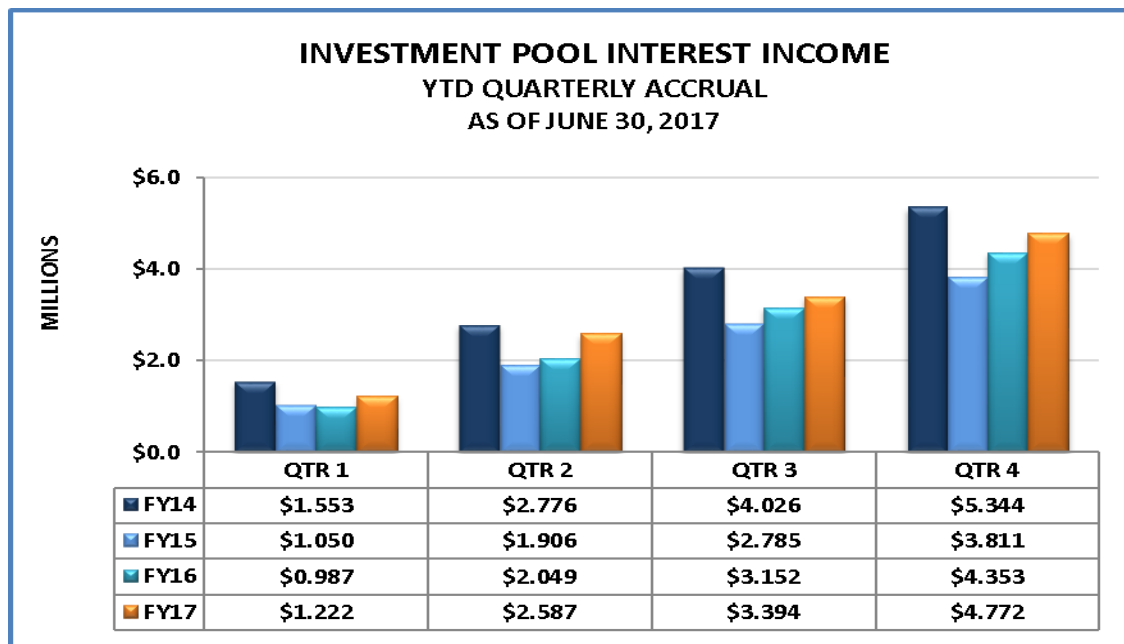
INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS (continued)

ISSUER	# OF	PAR VALUE	MARKET	% of
JP MORGAN CHASE COM C2 A2 144A	1	559,020	538,285	0.08%
JP MORGAN CHASE COM C4 A3 144A	1	699,691	660,775	0.10%
JPM Chase	1	5,000,000	5,015,500	0.70%
JPMBB COMMERCIAL MORTGA C19 A2	1	721,875	718,571	0.10%
Keybanc Capital	1	2,000,000	1,984,400	0.28%
Local Govt Investment Pool	5	128,986,069	128,898,359	17.94%
MORGAN STANLEY BANK OF C14 A1	1	96,129	95,775	0.01%
MORGAN STANLEY BANK OF C32 A1	1	551,879	549,919	0.08%
Morgan Stanley Liq Treas	8	8,527,552	8,527,552	1.19%
NATIONAL RURAL UTILITIES COOPE	1	907,348	908,060	0.13%
NCUA GUARANTEED NOTES TR R1 1A	1	409,368	409,487	0.06%
NCUA GUARANTEED NOTES TR R2 1A	2	989,947	990,221	0.14%
NEVADA POWER CO	1	530,971	527,632	0.07%
NISSAN AUTO RECEIVABLES 2 B A3	1	1,298,275	1,298,206	0.18%
Novartis Capital Group	1	2,000,000	2,001,400	0.28%
Oracle Corp	1	2,000,000	1,982,420	0.28%
Regions Tust Money Market Depo	1	95	95	0.00%
SANTANDER DRIVE AUTO RECEI 3 B	1	196,367	196,221	0.03%
SANTANDER DRIVE AUTO RECEI 3 C	2	452,355	452,121	0.06%
SANTANDER DRIVE AUTO RECEI 4 D	1	1,119,435	1,116,434	0.16%
SANTANDER DRIVE AUTO RECEI 5 C	1	438,006	436,910	0.06%
SBA GTD PARTN CTFS 1999-20E 1	1	89,596	88,711	0.01%
SECURITIZED TERM AU 1A A3 144A	1	1,115,000	1,110,284	0.16%
Short Term Tres	28	18,512,295	18,512,295	2.58%
SLM STUDENT LOAN TRUST 20 1 A2	1	100,172	100,253	0.01%
STIT-TREASURY PTF-INS 7D	1	180,254	180,254	0.03%
STYX Private Fund LLP Pool ABC	1	2,421,420	2,111,994	0.34%
Toronto Dominion Bank	1	5,000,000	5,000,000	0.70%
Toyota Financial Services	7	37,000,000	36,884,252	5.15%
U.S. Treasury	19	229,470,785	229,332,579	31.92%
VOLKSWAGEN AUTO LEASE TRU A A3	1	140,787	140,938	0.02%
Wells Fargo Capital	2	7,000,000	7,010,020	0.97%
WELLS FARGO COMMERCIAL RB1 A1	1	1,025,510	1,026,325	0.14%
WFRBS COMMERCIAL MORTGA C10 A2	1	396,391	392,249	0.06%
WFRBS COMMERCIAL MORTGA C11 A2	1	585,633	582,232	0.08%
WORLD FINANCIAL NETWORK CR A A	1	1,301,497	1,297,826	0.18%
Grand Total	259	718,875,097	717,255,375	100.00%



INTEREST INCOME – INVESTMENT POOL PORTFOLIO

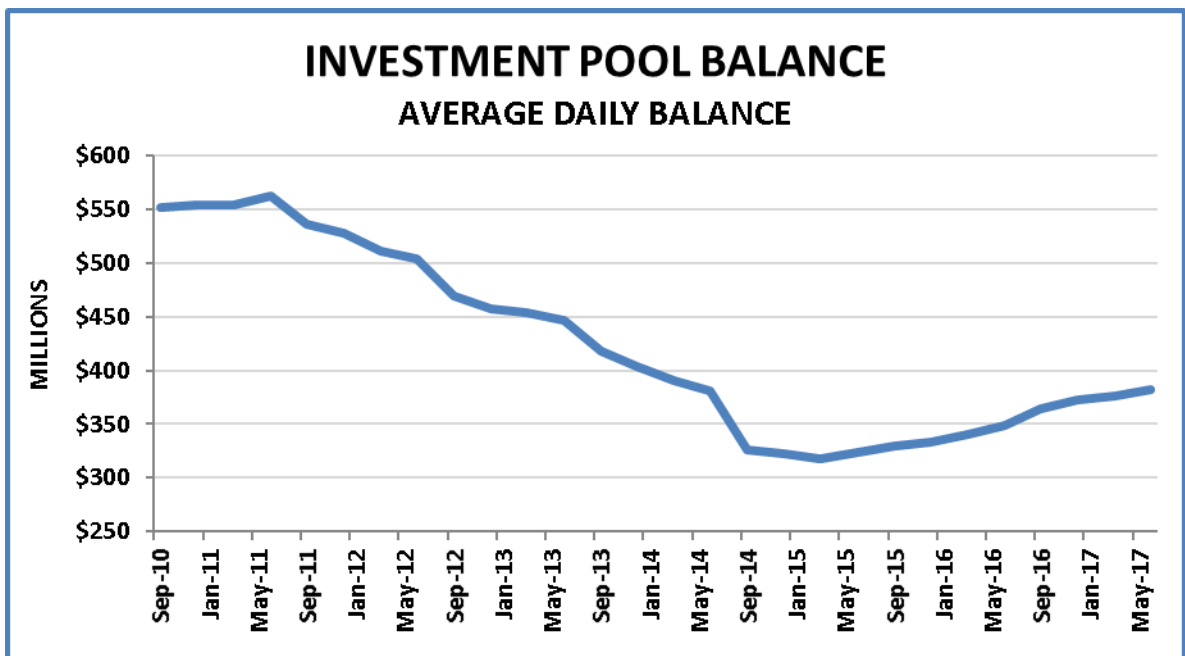
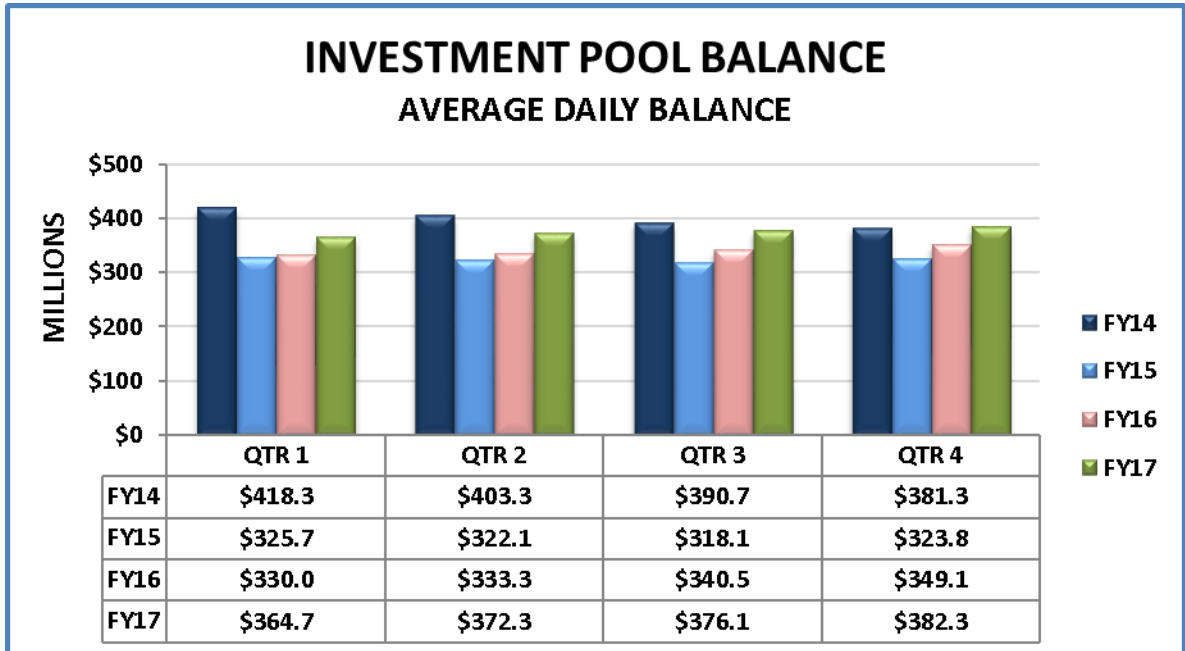
The Investment Pool produced \$1,378,000 of interest income for fourth quarter of fiscal year 2017; this was an increase of \$177,000 compared to same quarter in fiscal year 2016. The City’s effective annual rate of return for the Investment Pool for the fourth quarter of fiscal year 2017 was 1.25% compared to 1.24% for the same period of the previous fiscal year.





INVESTMENT BALANCES – INVESTMENT POOL PORTFOLIO

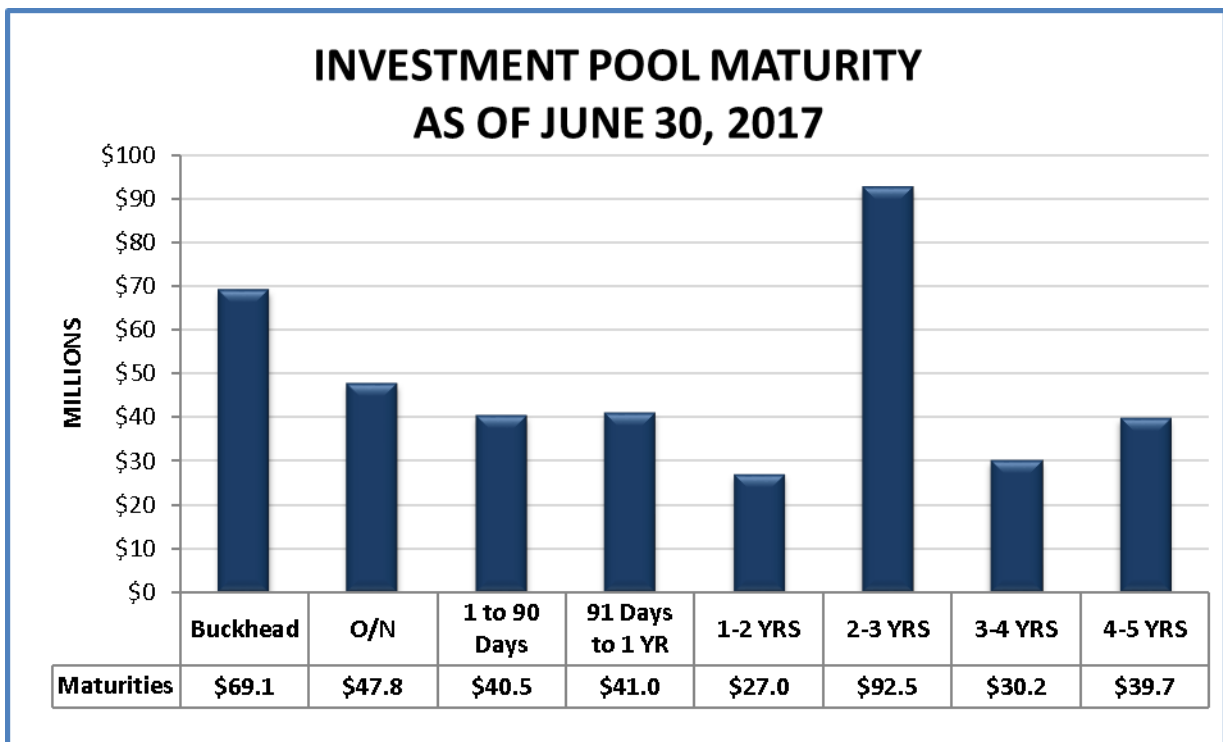
The average daily balance of the Investment Pool for fiscal year 2017 increased approximately \$33 million compared to the same period of the previous fiscal year. This increase was due to cash inflows exceeding cash outflows during the year.





INVESTMENT MATURITY – INVESTMENT POOL PORTFOLIO

The Investment Pool had an overall average weighted maturity of approximately 1.52 years and a modified duration of 1.46 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.

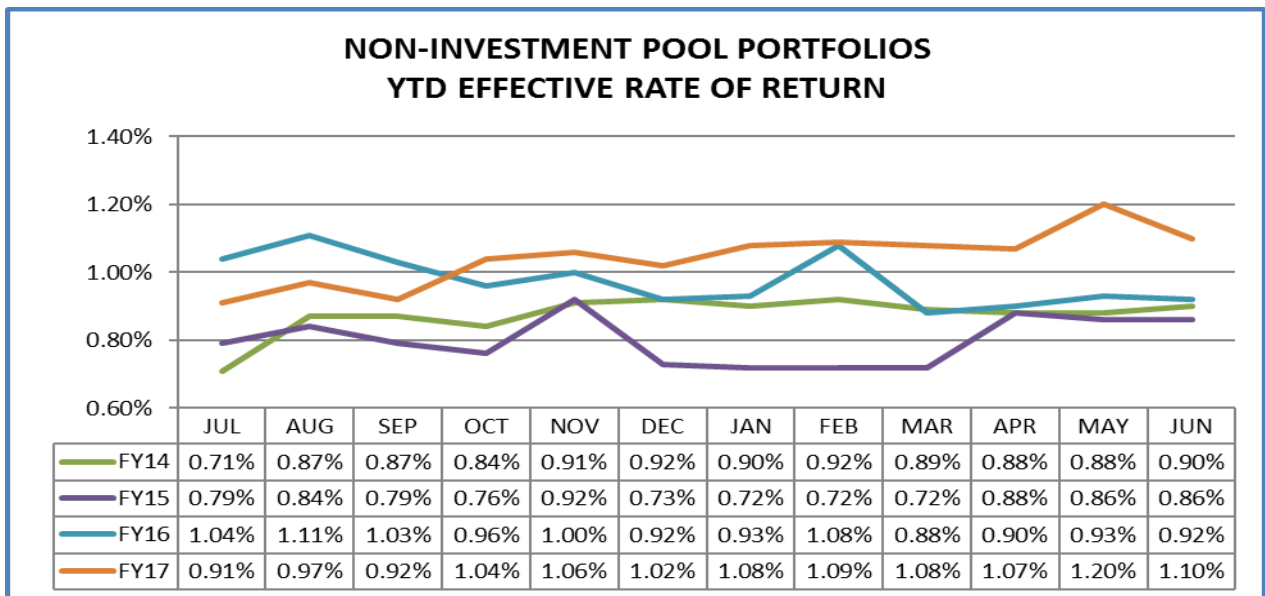
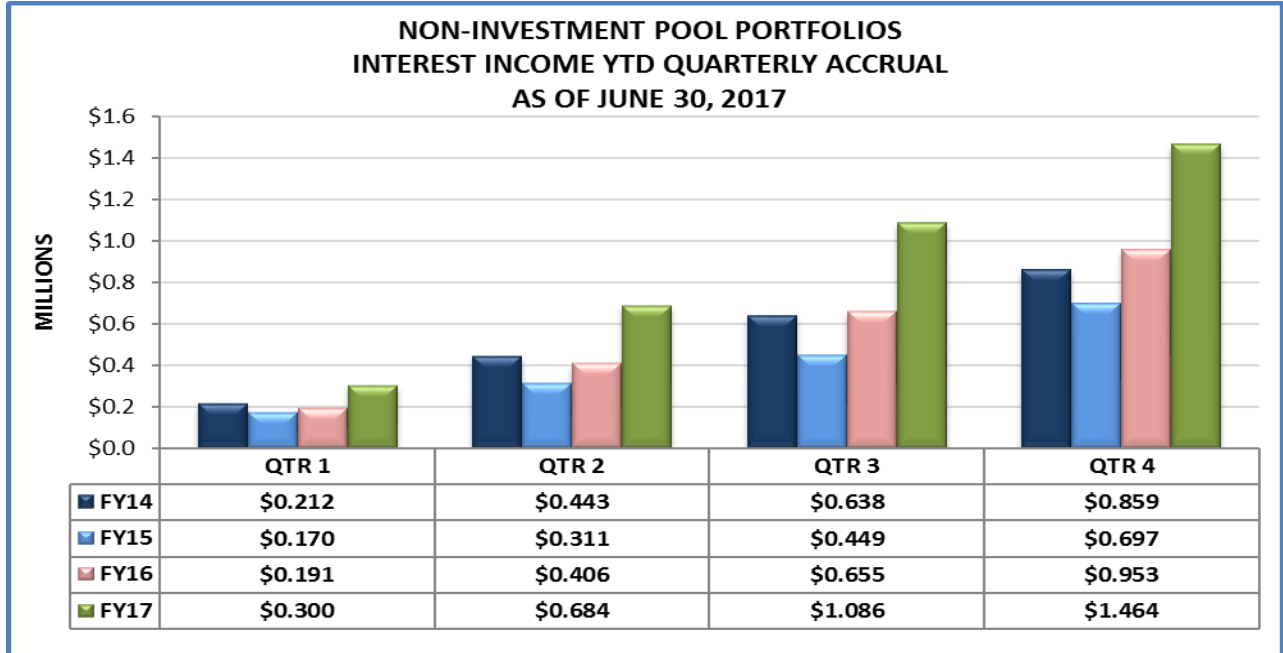
INVESTMENT POOL
 MARK-TO-MARKET
 FISCAL YEAR 2017

DESCRIPTION	AMOUNT
Invested Value at June 30, 2017	717,392,238
Add: Proceeds of Investments Matured/Sold in FY17	600,489,665
Less: Cost of Investments Purchased in FY17	(608,100,490)
Add: Amortization Adjustment	0
Less: Invested Value at June 30, 2016	(712,964,448)
Change in Market Value of Investments	(3,183,036)



INTEREST INCOME – NON INVESTMENT POOL PORTFOLIOS

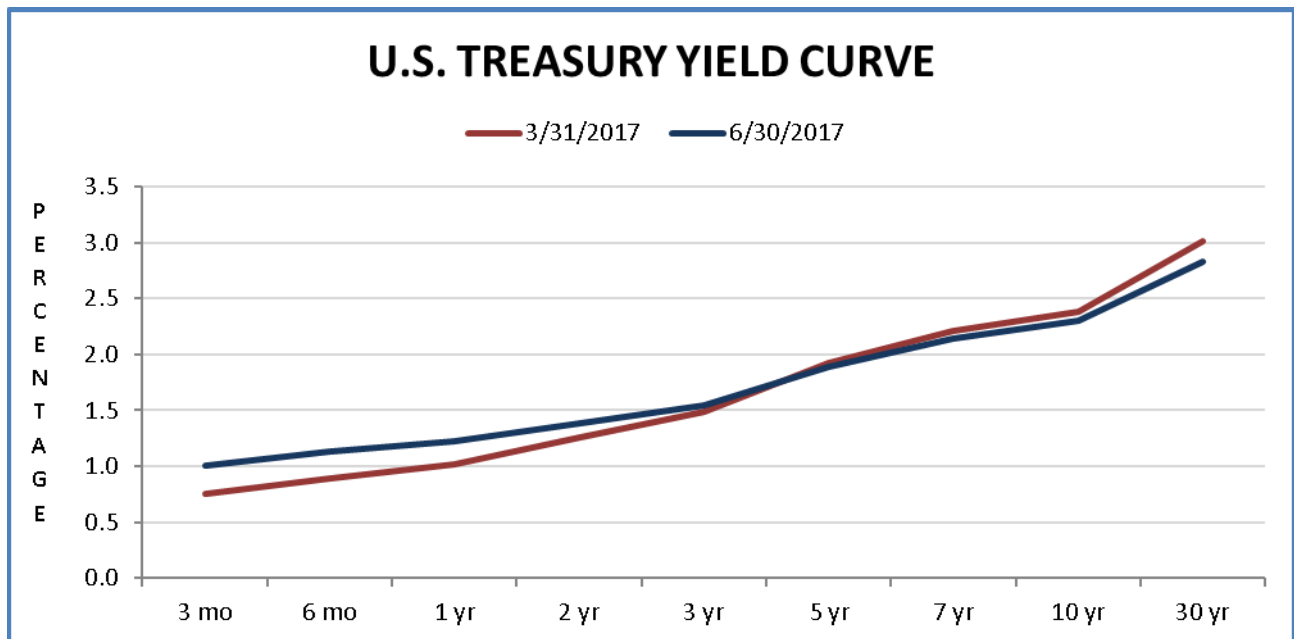
The Non-Investment Pool portfolios produced \$378,000 of interest income for the fourth quarter of fiscal year 2017; this was an increase of \$81,000 compared to the same quarter of fiscal year 2016. The effective rate of return for the Non-Investment Pool portfolios for fiscal 2017 was 1.10% compared to 0.92% 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			
3/31/17 TO 6/30/17			
MATURITY	3/31/2017	6/30/2017	CHANGE IN PERCENT
3 Month T-Bill	0.497%	1.011%	0.514
6 Month T-Bill	0.610%	1.132%	0.522
1 Year T-Bill	0.811%	1.228%	0.417
2 Year T-Note	1.188%	1.382%	0.194
3 Year T-Note	1.451%	1.546%	0.095
5 Year T-Note	1.927%	1.888%	(0.039)
7 Year T-Note	2.245%	2.140%	(0.105)
10 Year T-Note	2.444%	2.304%	(0.140)
30 Year T-Bond	3.065%	2.835%	(0.230)