

CITY OF LAS VEGAS

INVESTMENT REPORT

SECOND QUARTER FY2018



DECEMBER 31, 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 17% is managed internally by the Treasurer's office, 83% 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	\$ 64,868,638
NVEST State Pool	69,600,470
FTN Main Street	125,674,474
Wells Capital	115,937,467
Total Investment Pool Portfolios	\$ 376,081,049

Non-Investment Pool Portfolios:	
CP/Parks/Facilities	\$ 71,674,907
Cemetery	2,443,011
Darling Foundation	819,725
Debt Service	186,482,552
Developer SIDs	42,982,947
Employee Benefits Fund	3,140,590
Fire Services	74,164
Road and Flood	3,501,777
4th Street Landscaping	47,136
Ogden Parking	115,947
Redevelopment Agency	6,032,564
Sanitation	15,472,192
Sanitation Construction Fund	-
Self Insurance Funds	5,454,944
Special Programs/Car Rtl	0
Symphony Park TID Admin Cost Fund	50,361
Total Non-Investment Pool Portfolios	\$ 338,292,815
Grand Total Portfolios	\$ 714,373,864



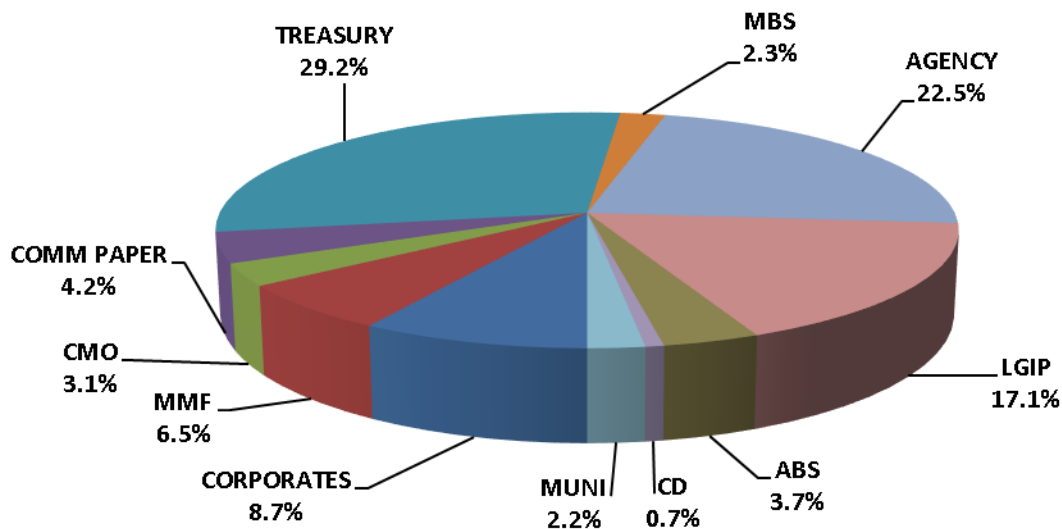
INVESTMENT TYPES – TOTAL PORTFOLIOS

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	\$ 208,840,195	29.2%	5 Years	No Limit
U.S. Agencies	160,600,000	22.5%	5 Years	No Limit
Corporate Bonds	61,848,675	8.7%	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	46,383,310	6.5%	N/A	No Limit
Asset-Backed Securities	26,200,442	3.7%	N/A	20%
Collateralized Mort. Obligations	21,922,514	3.1%	NA	20%
Mortgage Backed Securities	16,180,839	2.3%	NA	20%
Negotiable Cert. of Deposit	5,000,000	0.7%	N/A	No Limit
Bankers Acceptances			180 Days	20%
Repurchase Agreements			90 Days	20%
Collateralized Invest. Contracts			Match Bond Issue	No Limit
LGIP	121,925,699	17.1%	N/A	No Limit
Total Portfolios	\$ 714,373,865	100.0%		

DISTRIBUTION BY TYPES

AS OF DECEMBER 31, 2017



CITY OF LAS VEGAS
SECOND 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	1,974,880	0.28%
AMERICAN EXPRESS CREDIT AC 1 A	2	1,460,304	1,448,911	0.20%
AMERICREDIT AUTOMOBILE REC 1 B	1	1,172,188	1,169,789	0.16%
AMERICREDIT AUTOMOBILE REC 3 C	1	552,906	551,705	0.08%
AMERICREDIT AUTOMOBILE REC 4 C	1	1,006,503	1,003,170	0.14%
APPLE INC	2	7,000,000	6,970,710	0.98%
BA CREDIT CARD TRUST A1 A	1	160,000	160,024	0.02%
BA CREDIT CARD TRUST A2 A	1	1,015,702	1,013,904	0.14%
Bank of America Corp	1	2,000,000	1,999,140	0.28%
Bank of NY Mellon	3	3,000,000	3,006,870	0.42%
BARCLAYS DRYROCK ISSUANCE 1 A	1	397,563	396,344	0.06%
BARCLAYS DRYROCK ISSUANCE 3 A	1	1,178,812	1,170,266	0.17%
Blackrock FedFund Portfolio	17	7,101,481	7,101,481	0.99%
BNP Paribas Fortis SA NY	1	5,000,000	4,975,813	0.70%
CABELA'S CREDIT CARD MAS 1A A2	1	1,190,728	1,208,736	0.17%
CAPITAL AUTO RECEIVAB 3 B 144A	1	761,384	759,083	0.11%
CAPITAL AUTO RECEIVABLES 2 A3	1	1,036,697	1,035,795	0.15%
CAPITAL AUTO RECEIVABLES A 1 D	1	804,860	802,208	0.11%
CAPITAL ONE MULTI-ASSET A3 A3	1	1,426,743	1,420,406	0.20%
CARMAX AUTO OWNER TRUST 2 2 A3	1	558,435	556,400	0.08%
CHASE ISSUANCE TRUST A2 A	1	1,175,967	1,163,720	0.16%
Chevron corp	1	2,000,000	2,000,000	0.28%
CHSI	3	5,000,000	4,969,630	0.70%
CitiBank NA	2	8,000,000	7,940,600	1.12%
City of Las Vegas Redevelopment	1	15,472,192	15,472,192	2.17%
COMM 2015-CCRE24 MORTG CR24 A1	1	95,981	96,355	0.01%
Exxon Mobil	1	5,000,000	4,995,400	0.70%
Fannie Mae	48	90,206,748	89,331,962	12.63%
Federal Farm Credit Bank	3	15,000,000	14,862,450	2.10%
Federal Home Loan Bank	3	15,000,000	14,803,200	2.10%
Federated Money Market Fund	9	2,146,701	2,146,701	0.30%
First American Government Obli	15	368,330	368,330	0.05%
FORD CREDIT AUTO OWNER TRU A C	1	1,307,252	1,302,509	0.18%
FORD CREDIT FLOORPLAN MAS 5 A2	1	980,000	985,341	0.14%
Freddie Mac	29	70,073,947	69,207,275	9.81%
Ginnie Mae	1	210,374	208,506	0.03%
HERTZ FLEET LEASE FU 1 A2 144A	1	999,884	996,110	0.14%
HYUNDAI AUTO LEASE S C A4 144A	1	1,320,047	1,318,349	0.18%
HYUNDAI AUTO RECEIVABLES A A4	1	948,989	947,407	0.13%
Ing (US) Funding LLC	1	5,000,000	4,979,683	0.70%

CITY OF LAS VEGAS

SECOND QUARTER OF FISCAL YEAR 2018



INVESTMENT REVIEW

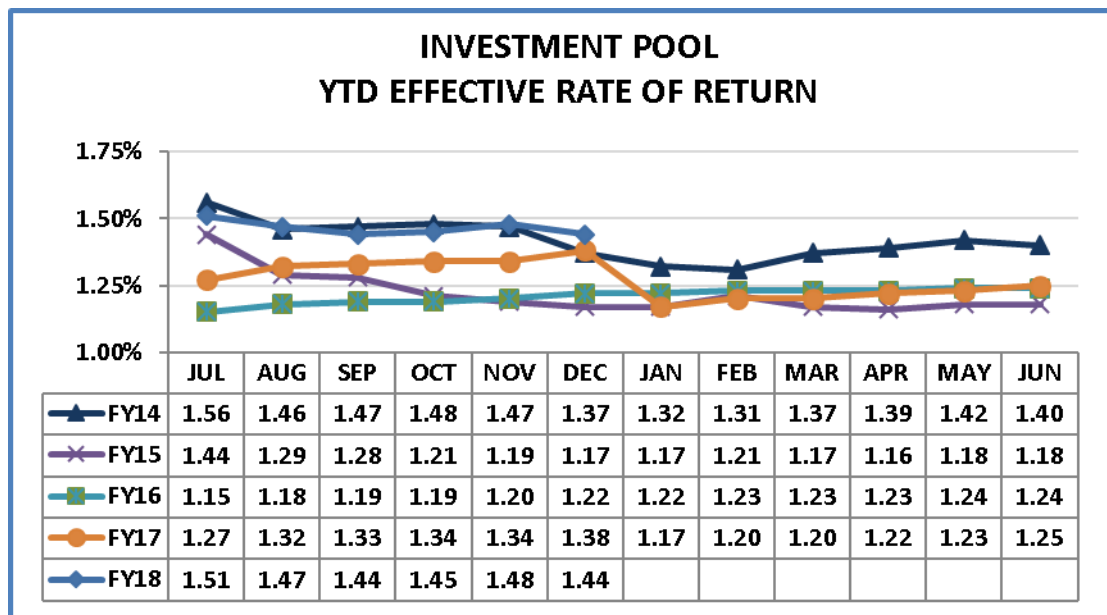
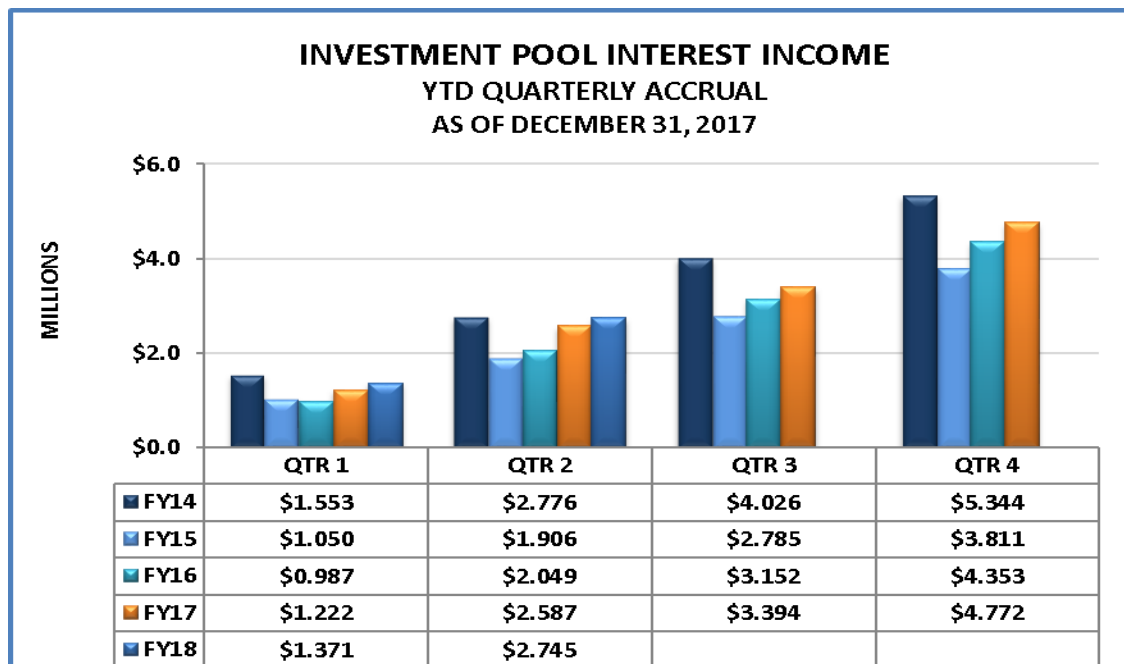
INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS (continued)

ISSUER	# OF	PAR VALUE	MARKET	% of
Johnson & Johnsin	1	2,000,000	1,990,540	0.28%
JP Morgan	2	10,000,000	9,957,444	1.40%
JP MORGAN CHASE COM C2 A2 144A	1	87,360	84,656	0.01%
JP MORGAN CHASE COM C4 A3 144A	1	698,823	651,946	0.10%
JPM Chase	1	5,000,000	4,996,650	0.70%
JPMBB COMMERCIAL MORTGA C19 A2	1	1,419,718	1,403,285	0.20%
Keybanc Capital	1	2,000,000	1,971,440	0.28%
Local Govt Investment Pool	7	121,925,699	121,925,699	17.07%
MORGAN STANLEY BANK OF C14 A2	1	880,658	873,697	0.12%
MORGAN STANLEY BANK OF C32 A1	1	512,663	507,181	0.07%
Morgan Stanley Liq Treas	10	9,578,898	9,578,898	1.34%
NATIONAL RURAL UTILITIES COOPE	1	888,364	887,201	0.12%
Natixis NY Branch	1	5,000,000	4,981,771	0.70%
NCUA GUARANTEED NOTES TR R2 1A	1	277,814	278,413	0.04%
NEVADA POWER CO	1	517,372	512,917	0.07%
NISSAN AUTO RECEIVABLES 2 B A3	1	833,685	832,259	0.12%
Novartis Capital Group	1	2,000,000	1,985,340	0.28%
Oracle Corp	1	2,000,000	1,968,440	0.28%
Regions Tust Money Market Depo	1	72	72	0.00%
SANTANDER DRIVE AUTO RECEI 3 B	1	54,278	54,189	0.01%
SANTANDER DRIVE AUTO RECEI 3 C	1	264,091	263,815	0.04%
SANTANDER DRIVE AUTO RECEI 4 D	1	1,167,163	1,160,971	0.16%
SANTANDER DRIVE AUTO RECEI 5 C	1	519,030	517,458	0.07%
SBA GTD PARTN CTFS 1999-20E 1	1	56,904	56,538	0.01%
SECURITIZED TERM AU 1A A3 144A	1	1,115,000	1,110,540	0.16%
Short Term Tres	28	23,794,329	21,481,907	3.33%
SLM STUDENT LOAN TRUST 20 1 A2	1	20,692	20,703	0.00%
STIT-TREASURY PTF-INS 7D	1	3,393,499	3,393,499	0.48%
STYX Private Fund LLP Pool ABC	1	2,442,939	2,231,526	0.34%
Toronto Dominion Bank	1	5,000,000	5,000,000	0.70%
Toyota Financial Services	3	12,000,000	11,991,035	1.68%
U.S. Treasury	13	208,840,195	208,504,715	29.23%
UBS-BARCLAYS COMMERCIAL C2 A3	1	811,572	810,719	0.11%
Wells Fargo Capital	2	4,000,000	4,000,140	0.56%
WELLS FARGO COMMERC C1 A2 144A	1	1,336,203	1,328,496	0.19%
WELLS FARGO COMMERCIAL C26 A2	1	652,295	647,735	0.09%
WELLS FARGO COMMERCIAL C28 A2	1	485,209	481,972	0.07%
WELLS FARGO COMMERCIAL RB1 A1	1	953,988	947,638	0.13%
WORLD FINANCIAL NETWORK CR A A	1	1,298,636	1,285,519	0.18%
WORLD FINANCIAL NETWORK CR B A	1	1,415,999	1,409,453	0.20%
Grand Total	262	714,373,865	708,907,771	100.00%



INTEREST INCOME – INVESTMENT POOL PORTFOLIO

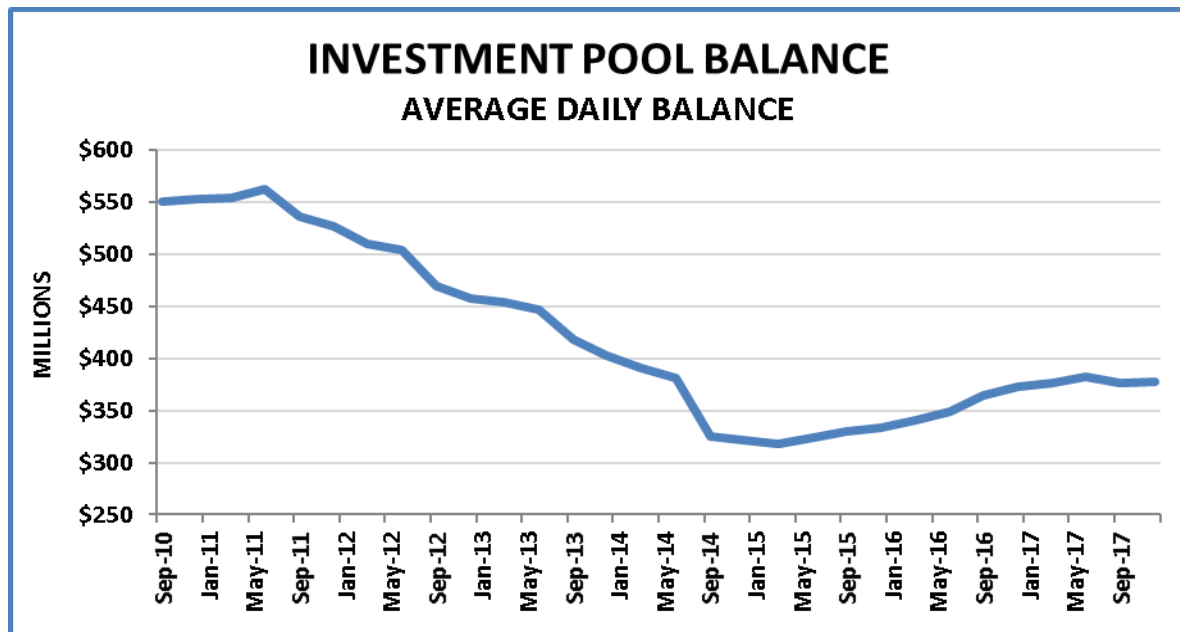
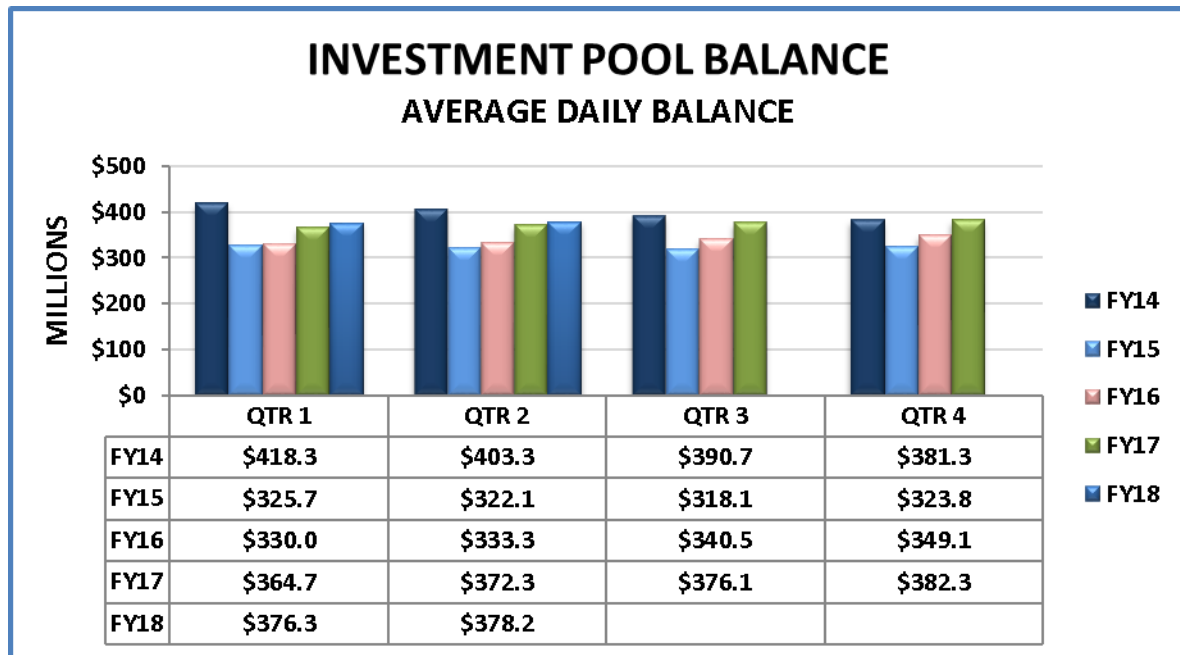
The Investment Pool produced \$1,374,000 of interest income for second quarter of fiscal year 2018; this was an increase of \$9,000 compared to same quarter in fiscal year 2017. The City’s effective annual rate of return for the Investment Pool for the second quarter of fiscal year 2018 was 1.44% compared to 1.38% for the same period of the previous fiscal year.





INVESTMENT BALANCES – INVESTMENT POOL PORTFOLIO

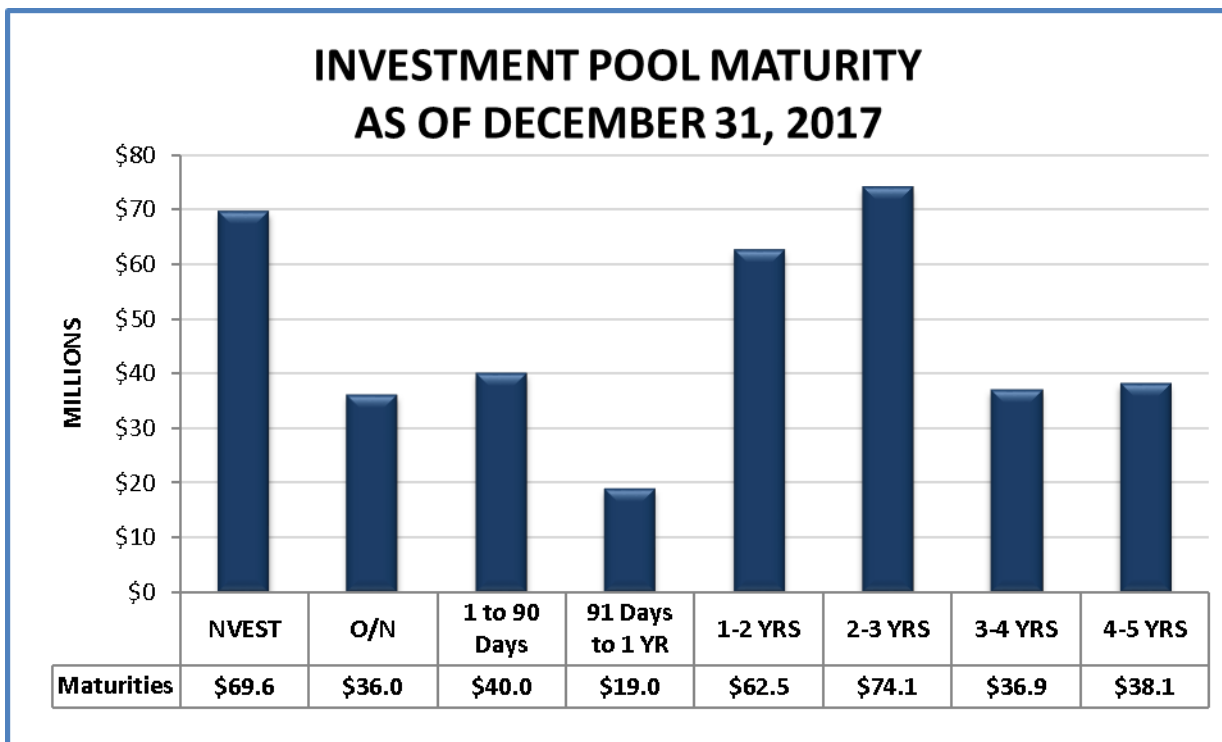
The average daily balance of the Investment Pool for fiscal year 2018 increased approximately \$6 million compared to the same period of the previous fiscal year. This increase was due to cash inflows exceeding cash outflows during the year.





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.

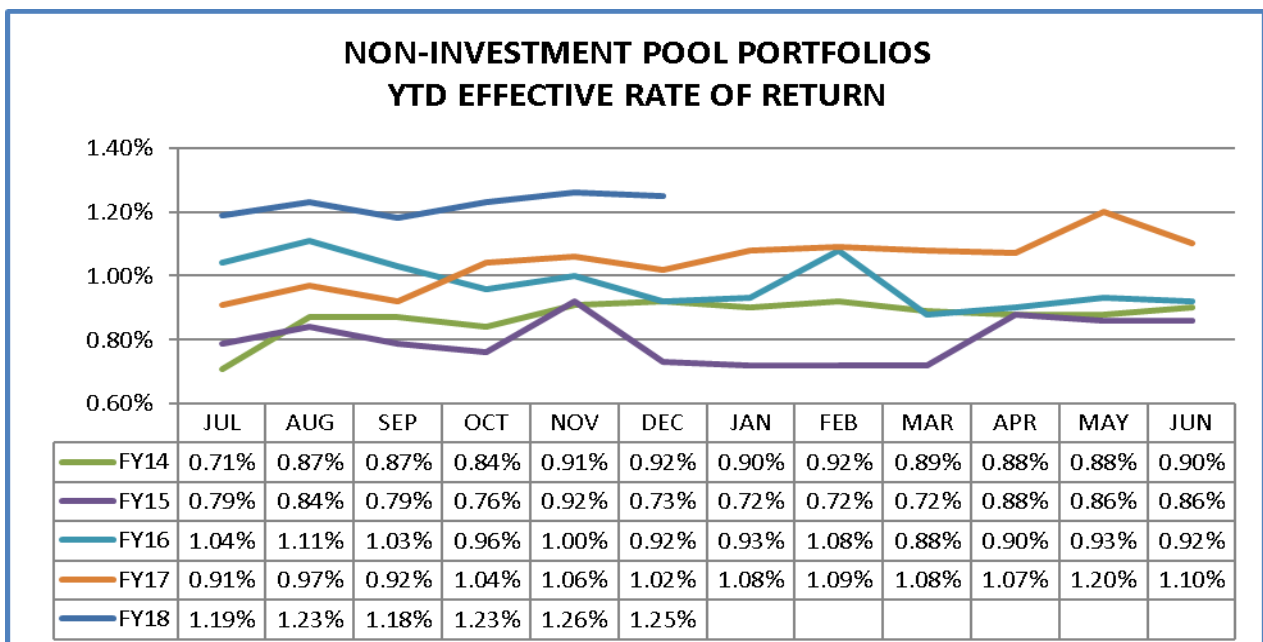
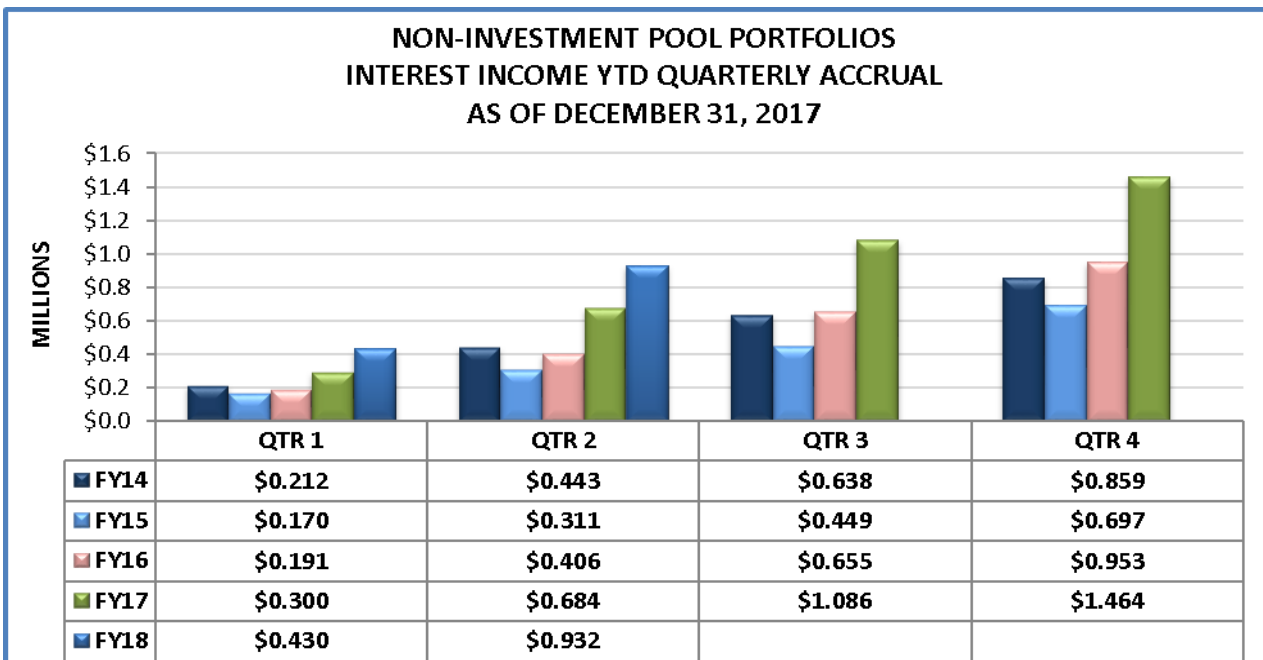
**INVESTMENT POOL
 MARK-TO-MARKET
 FISCAL YEAR 2018 Y-T-D**

DESCRIPTION	AMOUNT
Invested Value at December 31, 2017	708,976,697
Add: Proceeds of Investments Matured/Sold in FY18	326,226,587
Less: Cost of Investments Purchased in FY18	(321,487,860)
Add: Amortization Adjustment	0
Less: Invested Value at June 30, 2017	(717,392,218)
Change in Market Value of Investments	(3,676,794)



INTEREST INCOME – NON INVESTMENT POOL PORTFOLIOS

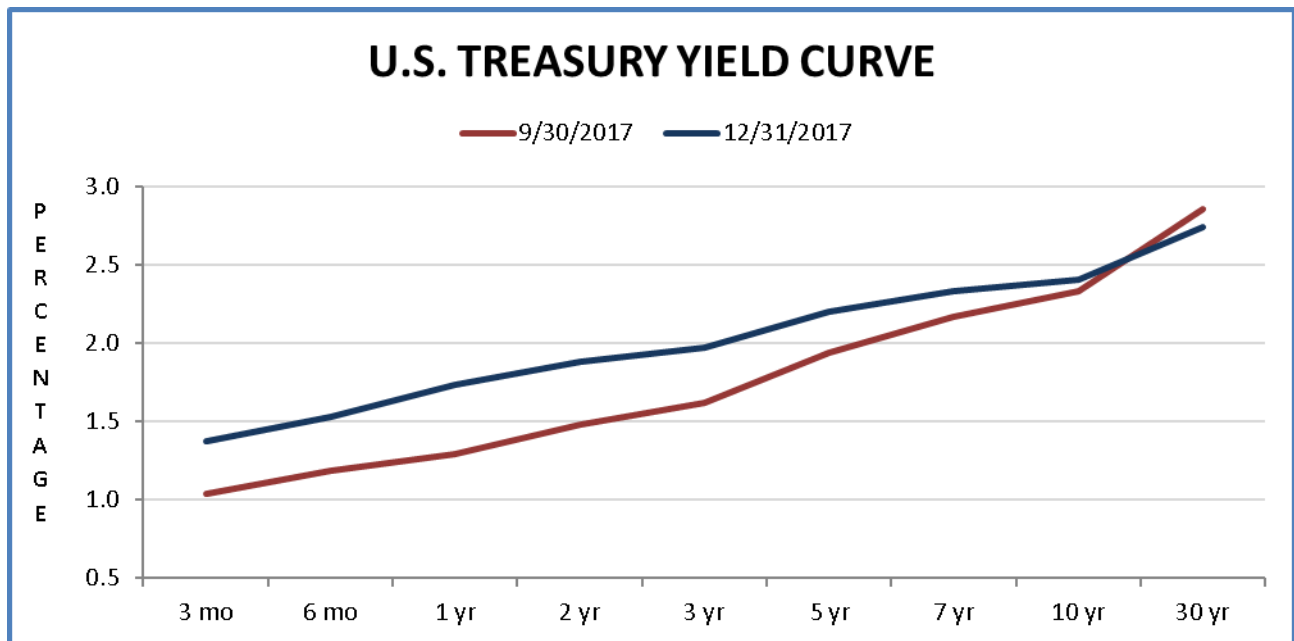
The Non-Investment Pool portfolios produced \$502,000 of interest income for the second quarter of fiscal year 2018; this was an increase of \$118,000 compared to the same quarter of fiscal year 2017. The effective rate of return for the Non-Investment Pool portfolios for fiscal 2018 was 1.25% compared to 1.02% 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			
9/30/17 TO 12/31/17			
MATURITY	9/30/2017	12/31/2017	CHANGE IN PERCENT
3 Month T-Bill	1.041%	1.376%	0.335
6 Month T-Bill	1.185%	1.527%	0.342
1 Year T-Bill	1.289%	1.732%	0.443
2 Year T-Note	1.483%	1.883%	0.400
3 Year T-Note	1.622%	1.971%	0.349
5 Year T-Note	1.936%	2.206%	0.270
7 Year T-Note	2.169%	2.333%	0.164
10 Year T-Note	2.334%	2.405%	0.071
30 Year T-Bond	2.860%	2.740%	(0.120)