



**CITY OF COSTA MESA  
FINANCE DEPARTMENT  
INTEROFFICE MEMORANDUM**

**TO: HONORABLE CITY COUNCIL  
LORI ANN FARRELL HARRISON, CITY MANAGER**

**FROM: CAROL MOLINA, FINANCE DIRECTOR**

**DATE: August 19, 2024**

**SUBJECT: TREASURER'S REPORT FOR THE MONTH OF JUNE 2024**

Attached is the Treasurer's Report for the month of June 2024. This performance report lists the various types of securities, institutions from which the securities were purchased, maturity dates, and interest rates for all securities held in the City's investment portfolio as of the end of the reporting period. All of the City's investments as of June 30, 2024 comply with the Investment Policy and the California Government Code except as otherwise noted or disclosed herein. All market values provided in this report were obtained from International Data Corporation, an independent pricing source, except for the Local Agency Investment Fund (LAIF). The cost value shown for the City's LAIF investment represents the City's contractual rights to its LAIF account and does not represent the value of the underlying portfolio securities.

**SUMMARY**

Beginning Book Value	\$	202,085,469
Deposits/Acquisitions		1,655,201
Withdrawals/Dispositions		(7,299,815)
Ending Book Value		<u>196,440,853.72</u>

As of June 30, 2024, the City had adequate cash reserves necessary to meet its obligations.

## COMPLIANCE REPORTING

The City holds two Lehman Brothers Medium-Term Corporate Notes in its investment portfolio. The total amount invested in these two securities stated at cost was \$5,049,700. Lehman Brothers filed for bankruptcy protection status on September 15, 2008 and the debt rating fell from A2 to B3- on that date. The market value loss of \$4,107,075 for the securities was recorded on the City's general ledger in 2008.

In April 2011, the City joined the Ad Hoc Group of Lehman Brothers Creditors to help maximize the recovery through bankruptcy proceedings and to protect the City's interest in the Lehman Brother's bankruptcy. The Ad Hoc Group filed a "Creditor's Plan" with the U.S. Bankruptcy Court in Manhattan which would provide a better recovery to creditors of the original Lehman parent company while offering a smaller payout to some creditors of Lehman subsidiaries. On December 6, 2011, the Bankruptcy Court entered an order confirming the Debtors' Chapter 11 Plan. The following table summarizes the distributions received:

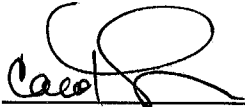
### Distributions

April 14, 2012	\$301,890
October 1, 2012	192,024
April 4, 2013	250,361
August 30, 2013	59,207
October 3, 2013	289,015
April 4, 2014	320,756
October 2, 2014	232,983
April 2, 2015	160,218
October 1, 2015	119,814
March 31, 2016	34,220
July 16, 2016	50,165
October 6, 2016	84,995
December 14, 2016	6,627
April 6, 2017	65,700
October 5, 2017	44,370
December 6, 2017	59,360
April 5, 2018	37,004
September 26, 2018	3,184
October 4, 2018	39,148
April 4, 2019	6,646
July 18, 2019	14,395
October 3, 2019	10,171
April 2, 2020	3,344
October 1, 2020	3,931
April 1, 2021	14,177
October 7, 2021	3,890
April 6, 2022	2,352
October 7, 2022	326
April 6, 2023	1,201
October 5, 2023	642
April 4, 2024	4,791
Total	<u>\$2,416,907</u>

The City estimates the value of Lehman Brothers investment claim held in escrow with Lehman Brothers Holdings, Inc. semi-annually. These estimates are primarily based on cash distributions that have been received to date as well as distributions anticipated in the future. To date, the City has received 48 cents of every dollar invested originally in the Lehman Brothers investments. As of June 30, 2024, staff estimated the value of the Lehman Brothers investment claim at \$7,500. The current estimates for recoveries through the bankruptcy proceedings are unknown.

As of June 30, 2024, the investment portfolio was in compliance with the City's adopted investment policy and applicable state laws in all other respects during, and as of, the end of the reporting period.

If you have any questions or need additional information, feel free to contact the Finance Department.



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Carol Molina  
Finance Director

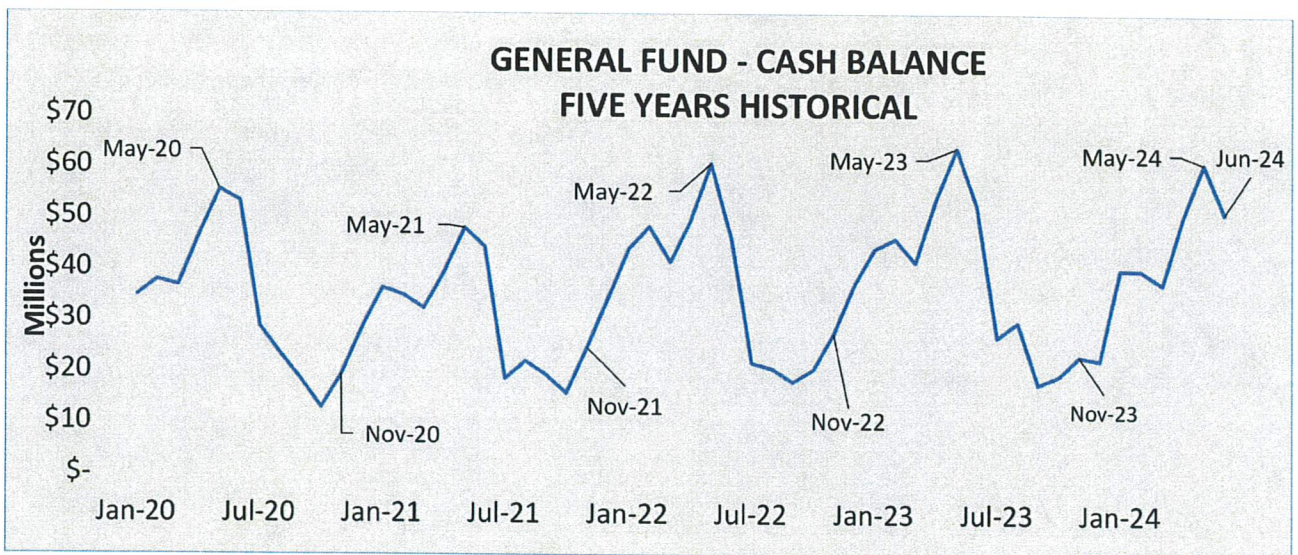
- Attachments: 1 – Pooled Cash and Investments by Fund as of June 30, 2024  
2 – General Fund Cash Position over the past five calendar years  
3 – Investment Report for the month of June 2024

## ATTACHMENT 2

### GENERAL FUND CASH POSITION

The City's General Fund receives its most significant revenues, such as sales tax and property tax, several times during the year. However, it pays for majority of the City's operational expenditures throughout the year. The inflows and outflows of the General Fund cash are closely monitored by Finance staff. The following is a summary of the General Fund historical ending cash balances over the past five calendar years:

	2020	2021	2022	2023	2024
January	\$34.8	\$36.2	\$44.0	\$44.1	\$40.1
February	37.7	34.9	48.3	46.1	41.1
March	36.7	32.3	41.4	41.5	37.4
April	46.7	39.3	49.4	53.8	50.5
May	55.4	47.9	60.7	63.8	60.9
June	53.1	44.3	46.2	52.7	51.3
July	28.6	18.5	21.8	26.9	
August	23.3	22	20.7	29.8	
September	18.4	19.4	18.1	17.8	
October	12.9	15.8	20.6	19.5	
November	19.3	24.7	27.5	23.2	
December	28.5	35.5	37.2	22.5	



As indicated in the above graph, the General Fund's cash balance typically peaks at May of each year and dips to the lowest point around October and November.