

CITY COUNCIL AGENDA

Date: **July 8, 2014**

TO: **City Council**

FROM: **June Overholt, Administrative Services Director/Deputy City Manager**

SUBJECT: **Report of Investments for May 2014**

RECOMMENDATION: The City Council receive and file the monthly *Report of Investments*.

JUSTIFICATION: State law requires that a monthly report of investments be submitted to the Governing Legislative Body.

BACKGROUND/ANALYSIS: This report includes investments on hand at the end of May 2014. As of May 31, 2014, the City's operating funds totaled \$70,416,665. Included in Successor Agency operating funds is \$747,456 of restricted CRA bond proceeds that are on deposit with LAIF and reflected separately on the Summary Schedule.

As of May 31, 2014 approximately 41% of the City's unrestricted cash balances were invested in investments other than LAIF.

The May Investment Report includes the following documents:

- Summary Schedule of Cash and Investments
- Operational Portfolio Individual Investments
- Individual Investments with Fiscal Agent
- Investment Report Supplemental Information

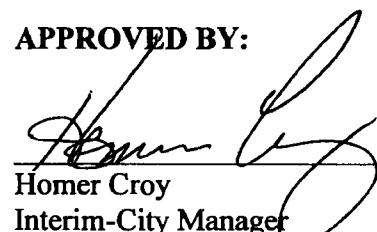
FISCAL DATA: The latest reports from the State indicate that the average interest achieved by the Local Agency Investment Fund (LAIF) was decreased to 0.228% in May. The average rate for all investments in May was 0.401%.

RECOMMENDED BY:



June Overholt
Administrative Services Director/
Deputy City Manager

APPROVED BY:



Homer Croy
Interim-City Manager

City of Banning Investment Report

May 31, 2014

Summary Schedule of Cash and Investments**Operating Funds****Petty Cash**

		Amount
		3,705

Bank Accounts

Wells Fargo Bank	
Bank of America-Airport	
Bank of America-Parking Citations	
Bank of America-CNG Station	

Interest	
Rate	Amount
0.000%	1,644,503
0.300%	3,180
0.300%	3,072
0.300%	3,293

<i>Money Market and Bank Account Sub-Total</i>	1,654,048
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Government Pools

Account #1 Operating Amount	38,812,467
Account #1 CRA Bond Cash Bal.	747,456
Local Agency Investment Fund: Account #1	0.228% 39,559,923
Account #2 Successor Agency Cash Bal	0
Local Agency Investment Fund: Account #2	0.228% 0

<i>Government Pool Sub-Total</i>	<u>39,559,923</u>
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Operating Cash Balance	41,217,676
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Restricted Operating Funds

Riverside Public Utilities- Highmark U.S. Government Money Market Fund	0.010%	1,357,539
California ISO Corp- Union Bank		100,168
Worker's Compensation Program- (PERMA)		1,961,302

Other Investments

Investments-US Bank/Piper Jaffray - See Page 2	0.691%	25,779,979
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<i>Operating Funds Total</i>	<u>70,416,665</u>
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Fiscal Agent

		Amount
US Bank		<u>37,586,204</u>
<i>Fiscal Agent Total</i>		<u>37,586,204</u>

City of Banning Investment Report

May 31, 2014

Operational Portfolio Individual Investments

Par Value	Investment Description	Coupon Rate	Interest Rate	Maturity Date	Purchase Date	Date	Discount or (Premium) Amortization	Market Value
<u>Bank Accounts</u>								
1,644,503	Wells Fargo Bank-Operating	n/a	0.00%	daily	varies	1,644,503	n/a	1,644,503
-	- Wells Fargo Bank-Investment Acct	n/a	0.10%	daily	varies	-	n/a	-
3,180	Bank of America-Airport	n/a	0.30%	daily	varies	3,180	n/a	3,180
3,072	Bank of America-Parking Citations	n/a	0.30%	daily	varies	3,072	n/a	3,072
3,293	Bank of America-Parking Citations	n/a	0.30%	daily	varies	3,293	n/a	3,293
Sub-total								1,654,048
<u>Government Pools</u>								
39,559,923	L.A.I.F. account #1	n/a	0.228%	daily	varies	39,559,923	n/a	39,559,923
0	L.A.I.F. account #2	n/a	0.228%	daily	varies	0	n/a	0
39,559,923								
<u>Investments-US Bank/Piper Jaffray</u>								
3,000,000	Federal Home Loan Bks	n/a	0.500%	4/11/2016	4/11/2013	3,000,000		2,996,370
1,000,000	FHLMC Mtn	n/a	0.570%	6/20/2016	6/6/2013	1,000,000		1,000,220
1,000,000	FNMA	n/a	0.750%	12/19/2016	6/19/2013	1,000,000		998,160
1,000,000	FNMA Deb	n/a	0.550%	6/6/2016	6/20/2013	1,000,000		1,000,040
3,000,000	FNMA	n/a	1.125%	1/30/2017	7/30/2013	3,000,000		3,004,500
3,000,000	Federal Farm Credits Bks	n/a	0.940%	7/15/2016	7/15/2013	3,000,000		3,002,550
2,000,000	FHLMC Mtn	n/a	0.250%	6/24/2016	12/24/2013	2,000,000		2,000,220
2,000,000	FHLMC Mtn	n/a	0.500%	6/27/2016	12/27/2013	2,000,000		2,000,600
2,000,000	FHLMC Mtn	n/a	0.750%	12/27/2016	12/27/2013	2,000,000		1,997,560
2,000,000	Federal Home Loan Bks	n/a	0.700%	12/27/2016	3/27/2014	2,000,000		1,999,940
2,000,000	Federal Home Loan Bks	n/a	0.900%	3/27/2017	3/27/2014	2,000,000		2,001,120
2,000,000	Federal Home Loan Bks	n/a	0.500%	7/15/2016	4/15/2014	2,000,000		1,998,780
1,000,000	Federal Home Loan Bks	n/a	1.050%	4/17/2017	4/17/2014	1,000,000		1,001,070
778,849	Money Market	n/a	0.010%	daily	varies	778,849	0	778,849
US Bank/Piper Jaffray Average Rate=								0.691%
25,779,979								

Average Rate All= 0.401%

It has been verified that this investment portfolio is in conformity with the City of Banning's investment policy which was approved by the City Council on September 24, 2013. The Treasurer's cash management program provides sufficient liquidity to meet estimated future expenditures for a period of six months. The weighted average maturity of the pooled investment portfolio is 323 days and does not include Bond Reserve Fund Investments.

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City of Banning Investment Report

May 31, 2014

Individual Investments with Fiscal Agent

TRUSTEE Bond Issue Description	Bond Maturity Date	Investment Description	Current Yield	Bond Maturity Date	Bond Reserve	Minimum Reserve Requirement	May-14	5/31/2014 Market Value
COB IMPROVEMENT DISTRICT LIMITED OBLIGATION BONDS SERIES 2005A								
2005 Fair Oaks Ranch Estates	2035	US Bank Mmkt 5-Ct	0.030%	daily	188,943	5.44	220,570	
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BANNING TAX ALLOCATION, SERIES 2003								
2003 CRA Tax Allocation Bonds	2028	U S Treasury Bill	4.61%	7/28/2011	971,763			991,950
		US Bank Mmkt 5-Ct	0.030%	daily		0.24		9,544
		US Bank Mmkt 5-Ct	0.000%	daily				0
Surplus Fund		US Bank Mmkt 5-Ct	0.000%	daily				12
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BANNING TAX ALLOCATION PARITY BONDS, SERIES 2007								
Redevelop Fund	2037	US Bank Mmkt 5-Ct	0.030%	daily		205.43		8,331,615
		US Bank Mmkt 5-Ct	0.000%	daily				10
Reserve Fund		US Bank Mmkt 5-Ct	0.030%	daily	1,880,751	46.24		1,875,427
Special Fund		US Bank Mmkt 5-Ct	0.000%	daily				1
Surplus Fund		US Bank Mmkt 5-Ct	0.000%	daily				11
BUA - WASTEWATER ENTERPRISE REVENUE BONDS REFUNDING AND IMPROVEMENT PROJECTS 2005 SERIES								
Interest Account		US Bank Mmkt 5-Ct	0.000%	daily		2.29		2
Principal Account		US Bank Mmkt 5-Ct	0.300%	daily				77,500
		US Bank Mmkt 5-Ct	0.030%	daily		81.26		3,295,430
BUA - WATER ENTERPRISE REVENUE BONDS REFUNDING AND IMPROVEMENT PROJECTS 2005 SERIES								
Interest Account		US Bank Mmkt 5-Ct	0.000%	daily		13.29		13
Principal Account		US Bank Mmkt 5-Ct	0.030%	daily				402,500
Reserve Fund		US Bank Mmkt 5-Ct	0.030%	daily	2,310,710	56.99		2,311,198
Project Fund		US Bank Mmkt 5-Ct	0.030%	daily		39.50		1,602,001
BFA - ELECTRIC SYSTEM REVENUE BONDS 2007 SERIES								
		US Bank Mmkt 5-Ct	0.030%	daily				1,773,549
		US Bank Mmkt 5-Ct	0.030%	daily	2,672,050	65.90		2,672,516
Acquisition & Construction		US Bank Mmkt 5-Ct	0.030%	daily		345.75		14,022,355
*Paid Semi-Annually-Deposited into Money Mkt Account						Total	862.33	37,586,204

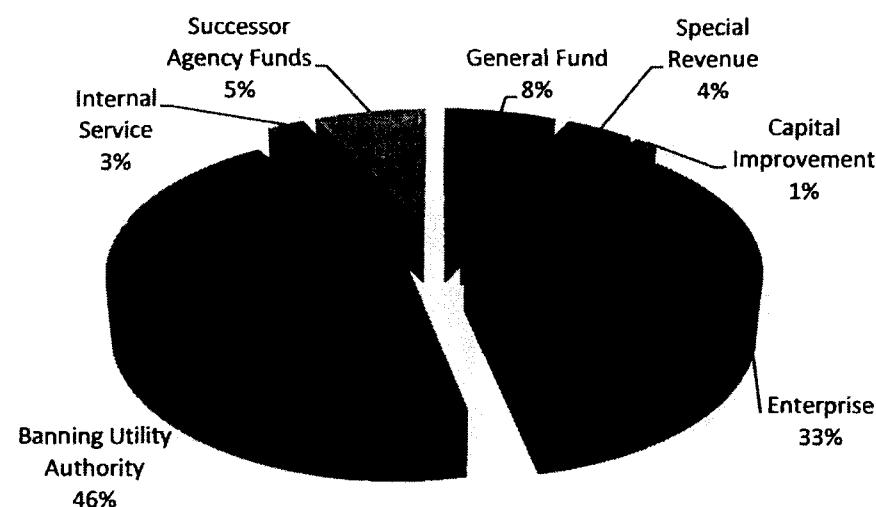
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City of Banning

Investment Report Supplemental Information

Pooled Cash Distribution

Investment reports for cities typically do not include the cash balance of the individual funds that make up the total pooled cash. This is primarily due to timing differences between when investment reports are prepared and when month end accounting entries are posted. Investment reports are usually prepared first. However, the pie chart below provides an understanding of the percentage distribution of the investments by fund type. The percentages were calculated using the average cash balances from the twelve month period of April 2013 to March 2014. *(The percentages will be updated quarterly.)*



The Table below describes the funds that are included within the Fund Types used for the pie chart.

Fund Type	Description of funds
Governmental	General Fund
Special Revenue	Restricted Funds (i.e. CFDs, grants)
Capital Improvement	Development Impact Fee funds
Enterprise	Airport, Transit, Refuse, Electric
Banning Utility Authority	Water, Wastewater, Reclaimed water
Internal Service	Risk Management, Fleet, IT, Utility Services
Successor Agency Funds	Previously called Redevelopment Agency

Summary Schedule – Line item descriptions

Petty Cash –

The City maintains petty cash in various departments for incidental purchases. This line item includes the cash drawers for cashiering in utility billing.

Bank Accounts –

- **Wells Fargo Bank** – This is the City checking account. All cash receipts, payroll and accounts payables checks are processed through this account. Balances fluctuate based on activity and cash flow needs. As excess funds accumulate, they are transferred to LAIF to increase earnings.
- **Bank of America – Airport** – The City maintains a Trust account for credit card purchases made at the airport. When the account balance exceeds \$3000, excess funds are transferred to the Wells Fargo Bank account.
- **Bank of America – Parking Citations** – The City maintains a Trust account for the processing of parking citations through Turbo Data. When the account balance exceeds \$3000, excess funds are transferred to the Wells Fargo Bank account.
- **Bank of America – CNG** – The City maintains a Trust account for credit card purchases of CNG fuel made at the City yards. When the account balance exceeds \$3000, excess funds are transferred to the Wells Fargo Bank account.

Government Pools –

- **Local Agency investment Fund – Account #1**
 - This account includes both City pooled funds and a restricted cash balance related to the CRA bonds. Investments in LAIF are limited to \$50M.
- **Local Agency investment Fund – Account #2**
 - There is currently no balance in this account.
 - Note: When the State established the cutoff date of January 31, 2012 for the elimination of the Redevelopment Agency, LAIF staff recommended a transfer of the available balance from the CRA account to the City account to protect the funds from a rumored State raid or freezing of the funds.

Restricted Operating Funds at Riverside Public Utilities –

The City Electric operation has an agreement with Riverside Public Utilities (RPU) to purchase power for the City. Part of the agreement requires that the City maintain a balance in the trust account used by RPU. The City does not control the investments or earnings of the trust account.

Restricted Operating Funds at California ISO-

The California ISO facilitates the purchase and sale of the City's electricity. The City participates in periodic Congestion Revenue Rights (CRR) auctions to acquire financial hedges for transmission congestion. In order to participate in the CRR auctions the City was required to have a secured form of financial security in the amount of \$100,000. A cash deposit was placed with Union Bank in March, 2012 to meet the requirements. The account is an interest bearing collateral account.

Summary Schedule – Line item descriptions – Cont.

Restricted Operating Funds at PERMA-

The City participates in a JPA with the Public Entity Risk Management Authority (PERMA), who provides administration for the City's worker's compensation insurance program. PERMA requires the City to deposit funds into an account used by PERMA for the payment of worker's compensation claims. The City does not control the investments or earnings of this account.

Other Investments –

Currently the City works with a Piper Jaffray broker to make various investments per the City policy and in accordance with State guidelines. The Broker is not on retainer, nor do they receive a City paid fee with each investment. Funds in the Money Market fluctuate as securities mature or get called. Staff is in the process of investing the Money Market funds over several months. We will be adding an additional broker to provide more investment options.

Fiscal Agent / US Bank –

Unspent bond proceeds and required bond reserves are invested by the Fiscal Agent in accordance with the bond documents.