

CITY COUNCIL AGENDA

Date: January 14, 2014

TO: City Council

FROM: June Overolt, Administrative Services Director/Deputy City Manager

SUBJECT: Report of Investments for October 2013

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 October 2013. As of October 31, 2013, the City's operating funds totaled \$65,602,238. Included in Successor Agency operating funds is \$710,581 of restricted CRA bond proceeds that are on deposit with LAIF and reflected separately on the Summary Schedule.

As of October 31, 2013 approximately 41% of the City's unrestricted cash balances were invested in investments other than LAIF.

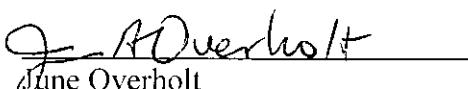
The October Investment Report includes the following documents:

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

Responses to our request for proposal (RFP) have been received and are pending review to determine whether investment earnings could be improved enough to cover the administrative costs of an investment management firm. An investment management firm would provide input on updating the investment policy, provide quarterly reports to the city, and provide daily management of investments. Results of the RFP process will be presented to council as a separate matter.

FISCAL DATA: The latest reports from the State indicate that the average interest achieved by the Local Agency Investment Fund (LAIF) increased to 0.266% in October. The average rate for all investments in October was 0.308%.

RECOMMENDED BY:


June Overolt
Administrative Services Director/
Deputy City Manager

APPROVED BY:


Andy Takata
City Manager

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

	Amount
	2,805

Bank Accounts

	Interest	
	Rate	Amount
Wells Fargo Bank	0 000%	667,933
Bank of America-Airport	0 300%	6,737
Bank of America-Parking Citations	0.300%	3,177
Bank of America-CNG Station	0 300%	<u>3,760</u>

<i>Money Market and Bank Account Sub-Total</i>	<i>681,608</i>
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Government Pools

Account #1 Operating Amount	37,402,094
Account #1 CRA Bond Cash Bal	710,581
Local Agency Investment Fund: Account #1	0 266% 38,112,676
Account #2 Successor Agency Cash Bal	0
Local Agency Investment Fund: Account #2	0 266% <u>0</u>

<i>Government Pool Sub-Total</i>	<i><u>38,112,676</u></i>
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Operating Cash Balance	38,797,089
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Restricted Operating Funds at Riverside Public Utilities

Highmark U S Government Money Market Fund	0 010%	1,055,520
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Other Investments

Investments-US Bank/Piper Jaffray - See Page 2	0 377%	25,749,629
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Operating Funds Total	<u>65,602,238</u>
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Fiscal AgentUS Bank

	Amount
	37,104,742

Fiscal Agent Total	<u>37,104,742</u>
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City of Banning Investment Report

October 31, 2013

Operational Portfolio Individual Investments

Par Value	Investment Description	Coupon Rate	Interest Rate	Maturity Date	Purchase Date	Purchase Date	Discount or (Premium) Amortization	Market Value
<u>Bank Accounts</u>								
667,933	Wells Fargo Bank-Operating	n/a	0.00%	daily	varies	667,933	n/a	667,933
-	Wells Fargo Bank-Investment Acct	n/a	0.10%	daily	varies	-	n/a	-
6,737	Bank of America-Airport	n/a	0.30%	daily	varies	6,737	n/a	6,737
3,177	Bank of America-Parking Citations	n/a	0.30%	daily	varies	3,177	n/a	3,177
3,760	Bank of America-Parking Citations	n/a	0.30%	daily	varies	3,760	n/a	3,760
Sub-total								681,608
<u>Government Pools</u>								
38,112,676	L A I F account #1	n/a	0.266%	daily	varies	38,112,676	n/a	38,112,676
0	L A I F account #2	n/a	0.266%	daily	varies	0	n/a	0
38,112,676								
<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		2,999,190
1,000,000	FHLMC Mtn	n/a	0.570%	6/20/2016	6/6/2013	1,000,000		999,300
1,000,000	FNMA	n/a	0.750%	12/19/2016	6/19/2013	1,000,000		999,700
1,000,000	FNMA Deb	n/a	0.550%	6/6/2016	6/20/2013	1,000,000		998,690
3,000,000	FNMA	n/a	1.125%	1/30/2017	7/30/2013	3,000,000		3,016,500
3,000,000	Federal Farm Credits Bks	n/a	0.940%	7/15/2016	7/15/2013	3,000,000		3,009,540
13,726,709	Money Market	n/a	0.010%	daily	varies	13,726,709	0	13,726,709
US Bank/Piper Jaffray Average Rate=								25,749,629

Average Rate All= 0.308%

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 191 days and does not include Bond Reserve Fund Investments.



City of Banning Investment Report

October 31, 2013

Individual Investments with Fiscal Agent

TRUSTEE	Bond Maturity Date	Investment Description	Current Yield	Bond Reserve Bond Maturity Date	Minimum Reserve Requirement	Interest Oct-13	10/31/2013 Market Value
COB IMPROVEMENT DISTRICT LIMITED OBLIGATION BONDS SERIES 2005A							
2005 Fair Oaks Ranch Estates	2035	US Bank Mmkt 5-Ct	0.040%	daily	188.943	5.01	188.037
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BANNING TAX ALLOCATION, SERIES 2003							
2003 CRA Tax Allocation Bonds	2028	US Treasury Bill	4.61%	7/28/2011	971.763		982.990
		US Bank Mmkt 5-Ct	0.040%	daily		0.53	20.949
		US Bank Mmkt 5-Ct	0.040%	daily			23
Surplus Fund		US Bank Mmkt 5-Ct	0.000%	daily			8
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BANNING TAX ALLOCATION PARITY BONDS, SERIES 2007							
Redevelop Fund	2037	US Bank Mmkt 5-Ct	0.040%	daily		209.96	8,330,163
Reserve Fund		US Bank Mmkt 5-Ct	0.040%	daily	1,880.751	47.27	1,875,336
Special Fund		US Bank Mmkt 5-Ct	0.050%	daily			41
Surplus Fund		US Bank Mmkt 5-Ct	0.000%	daily			9
BUA - WASTEWATER ENTERPRISE REVENUE BONDS REFUNDING AND IMPROVEMENT PROJECTS 2005 SERIES							
Interest Account		US Bank Mmkt 5-Ct	0.040%	daily			196.505
Principal Account		US Bank Mmkt 5-Ct	0.040%	daily		1.83	72.516
		US Bank Mmkt 5-Ct	0.040%	daily		83.05	3,294,855
BUA - WATER ENTERPRISE REVENUE BONDS REFUNDING AND IMPROVEMENT PROJECTS 2005 SERIES							
Interest Account		US Bank Mmkt 5-Ct	0.040%	daily			1,152,726
Principal Account		US Bank Mmkt 5-Ct	0.040%	daily		9.71	385,086
Reserve Fund		US Bank Mmkt 5-Ct	0.040%	daily	2,310.710	58.25	2,311,262
Project Fund		US Bank Mmkt 5-Ct	0.040%	daily		40.37	1,601,722
BFA - ELECTRIC SYSTEM REVENUE BONDS 2007 SERIES							
		US Bank Mmkt 5-Ct	0.030%	daily			37
		US Bank Mmkt 5-Ct	0.040%	daily	2,672,050	67.36	2,672,565
Acquisition & Construction		US Bank Mmkt 5-Ct	0.040%	daily		353.37	14,019,911
*Paid Semi-Annually-Deposited into Money Mkt Account				Total		876.71	37,104,742

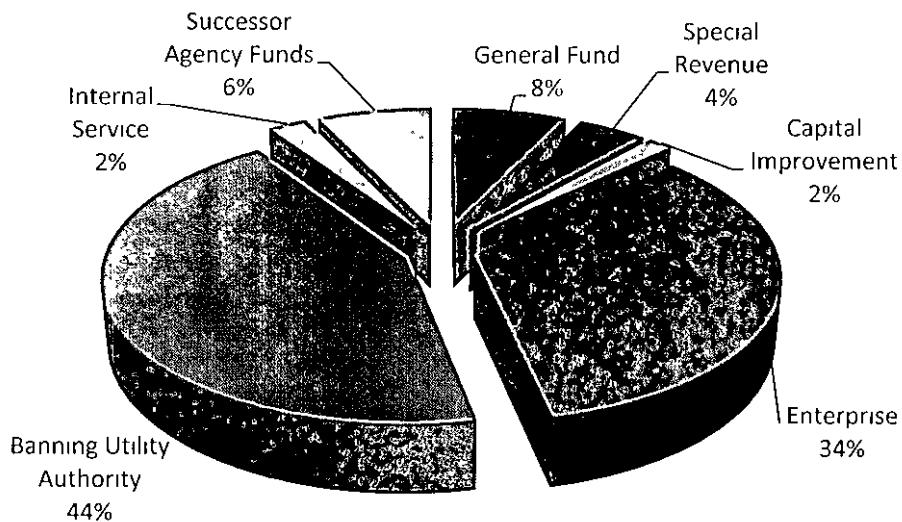
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City of Banning

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 nine month period of October 2012 to September 2013. *(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.

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

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