

## CITY COUNCIL AGENDA

**Date:** October 22, 2013

**TO:** City Council

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

**SUBJECT:** Report of Investments for July 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 July 2013. As of July 31, 2013, the City's operating funds totaled \$65,564,333. Included in Successor Agency operating funds is \$701,918 of restricted CRA bond proceeds that are on deposit with LAIF and reflected separately on the Summary Schedule.

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

The July 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

A request for proposal has been issued 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.

**FISCAL DATA:** The latest reports from the State indicate that the average interest achieved by the Local Agency Investment Fund (LAIF) increased to 0.267% in July. The average rate for all investments in July was 0.320%.

**RECOMMENDED BY:**

  
June Overholt  
Administrative Services Director/  
Deputy City Manager

**APPROVED BY:**

  
Andy Takata  
City Manager

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**Summary Schedule of Cash and Investments****Operating Funds**Petty CashAmount2,805Bank Accounts

Wells Fargo Bank

## Interest

## Rate

Amount

0.0000% 823,216

Bank of America-Airport

0.3000% 3,960

Bank of America-Parking Citations

0.3000% 3,826

Bank of America-CNG Station

0.3000% 3,409

*Money Market and Bank Account Sub-Total*834,411Government Pools

Account #1 Operating Amount 37,486,309

Account #1 CRA Bond Cash Bal. 701,918

Local Agency Investment Fund: Account #1 0.267% 38,188,227

Account #2 Sucessor Agency Cash Bal 0

Local Agency Investment Fund: Account #2 0.267% 0*Government Pool Sub-Total*38,188,227**Operating Cash Balance****39,025,443**Restricted Operating Funds at Riverside Public Utilities

Highmark U.S. Government Money Market Fund 0.0000%

833,424

Other Investments

Investments-US Bank/Piper Jaffray - See Page 2 0.410%

25,705,466

*Operating Funds Total*65,564,333**Fiscal Agent**

US Bank

Amount37,767,598*Fiscal Agent Total*37,767,598

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# City of Banning Investment Report

July 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>								
823,216	Wells Fargo Bank-Operating	n/a	0.00%	daily	varies	823,216	n/a	823,216
	Wells Fargo Bank-Investment Acct	n/a	0.10%	daily	varies	-	n/a	-
3,960	Bank of America-Airport	n/a	0.30%	daily	varies	3,960	n/a	3,960
3,826	Bank of America-Parking Citations	n/a	0.30%	daily	varies	3,826	n/a	3,826
3,409	Bank of America-Parking Citations	n/a	0.30%	daily	varies	3,409	n/a	3,409
	Sub-total							834,411
<u>Government Pools</u>								
38,188,227	L.A.I.F. account #1	n/a	0.267%	daily	varies	38,188,227	n/a	38,188,227
0	L.A.I.F. account #2	n/a	0.267%	daily	varies	0	n/a	0
								38,188,227
<u>Investments US Bank/Piper Jaffray</u>								
2,000,000	Federal Home Loan Bks	n/a	0.375%	7/30/2015	1/30/2013	2,000,000		1,998,800
3,000,000	Federal Home Loan Bks	n/a	0.500%	4/1/2016	4/11/2013	3,000,000		2,988,420
1,000,000	FHLMC Mtn	n/a	0.570%	6/20/2016	6/6/2013	1,000,000		997,140
1,000,000	FNMA	n/a	0.750%	12/19/2016	6/19/2013	1,000,000		993,640
1,000,000	FNMA Deb	n/a	0.550%	6/6/2016	6/20/2013	1,000,000		994,630
3,000,000	FNMA	n/a	1.125%	1/30/2017	7/30/2013	3,000,000		3,009,870
3,000,000	Federal Farm Credits Bks	n/a	0.940%	7/15/2016	7/15/2013	3,000,000		3,006,060
11,716,906	Money Market	n/a	0.020%	daily	varies	11,716,906	0	11,716,906
	US Bank/Piper Jaffray Average Rate=		0.410%					25,705,466

Average Rate All= 0.320%

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 229 days and does not include Bond Reserve Fund Investments.

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# City of Banning Investment Report

July 31, 2013

## Individual Investments with Fiscal Agent

Bond Issue Description	Bond Maturity Date	Investment Description	Current Yield	Bond Maturity Date	Bond Reserve Requirement	Minimum Reserve	Interest Jul-13	Market Value	7/31/2013
<b>COB IMPROVEMENT DISTRICT LIMITED OBLIGATION BONDS SERIES 2005A</b>									
2005 Fair Oaks Ranch Estates									
2003 CRA Tax Allocation Bonds	2035	US Bank Mmkt 5-Ct	0.040%	daily	188,943	7.17			218,059
<b>COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BANNING TAX ALLOCATION, SERIES 2003</b>									
Redevelop Fund	2028	US Treasury Bill	4.61%	7/28/2011	971,763	1,856.27			992,414
Reserve Fund		US Bank Mmkt 5-Ct	0.040%	daily					
Special Fund		US Bank Mmkt 5-Ct	0.040%	daily					
Surplus Fund		US Bank Mmkt 5-Ct	0.000%	daily					
<b>COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BANNING TAX ALLOCATION PARITY BONDS, SERIES 2007</b>									
Redevelop Fund	2037	US Bank Mmkt 5-Ct	0.040%	daily	1,880,751	273.83			8,329,387
Reserve Fund		US Bank Mmkt 5-Ct	0.040%	daily		61.66			1,875,536
Special Fund		US Bank Mmkt 5-Ct	0.040%	daily					1,283,434
Surplus Fund		US Bank Mmkt 5-Ct	0.000%	daily					9
<b>BUA - WASTEWATER ENTERPRISE REVENUE BONDS REFUNDING AND IMPROVEMENT PROJECTS 2005 SERIES</b>									
Interest Account		US Bank Mmkt 5-Ct	0.000%	daily		0.00			3
Principal Account		US Bank Mmkt 5-Ct	0.040%	daily		2.38			72,510
		US Bank Mmkt 5-Ct	0.040%	daily		108.31			3,294,549
<b>BUA - WATER ENTERPRISE REVENUE BONDS REFUNDING AND IMPROVEMENT PROJECTS 2005 SERIES</b>									
Interest Account		US Bank Mmkt 5-Ct	0.050%	daily					20
Principal Account		US Bank Mmkt 5-Ct	0.040%	daily		12.66			385,050
Reserve Fund		US Bank Mmkt 5-Ct	0.040%	daily		2,310,710	75.98		2,311,047
Project Fund		US Bank Mmkt 5-Ct	0.040%	daily		52.65			1,601,573
<b>BFA - ELECTRIC SYSTEM REVENUE BONDS 2007 SERIES</b>									
Acquisition & Construction		US Bank Mmkt 5-Ct	0.030%	daily		3.86			37
		US Bank Mmkt 5-Ct	0.040%	daily		87.85			2,672,317
		US Bank Mmkt 5-Ct	0.040%	daily		460.87			14,018,606
<b>Total</b>							<b>3,003.49</b>	<b>37,767,598</b>	
<i>*Paid Semi-Annually-Deposited into Money Mkt Account</i>									

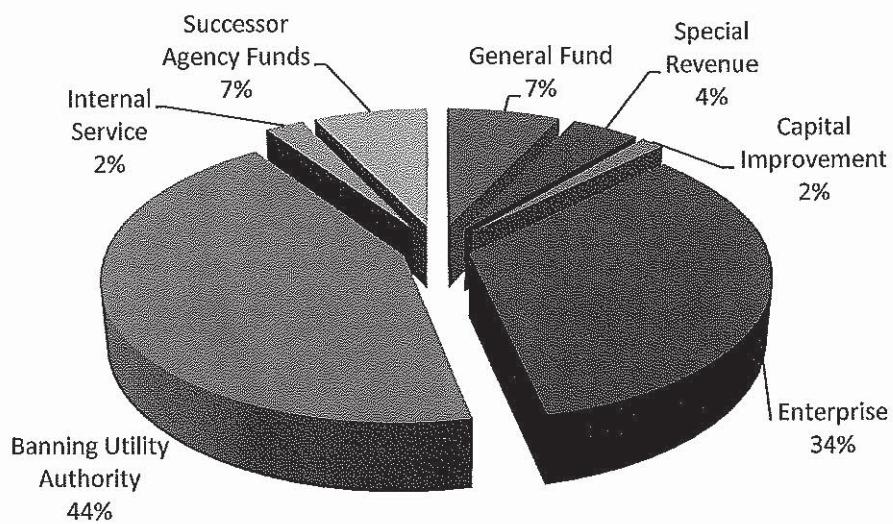
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# City of Banning

## 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 July 2012 to June 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

## 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.