

CITY COUNCIL AGENDA

Date: May 14, 2013

TO: City Council

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

SUBJECT: Report of Investments for March 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: This report includes investments on hand at the end of March 2013. As of March 31, 2013, the City's operating funds totaled \$69,285,469. Included in Successor Agency operating funds is \$758,789 of restricted CRA bond proceeds that are on deposit with LAIF and reflected separately on the Summary Schedule.

As of March 31, 2013 approximately 43% of the City's unrestricted cash balances were invested in investments other than LAIF.

The March Investment Report includes the following documents:

- Summary Schedule of Cash and Investments
- Operational Portfolio Individual Investments
- Individual Investments with Fiscal Agent
- Investment Report Observations – updated

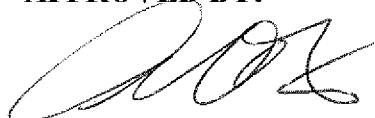
FISCAL DATA: The latest reports from the State indicate that the average interest achieved by the Local Agency Investment Fund (LAIF) decreased to 0.285% in March. The average rate for all investments in March was 0.266%.

RECOMMENDED BY:



June Overolt
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 Cash

	Amount
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Bank Accounts

Wells Fargo Bank	0.000%	2,983,155
Bank of America-Airport	0.300%	11,422
Bank of America-Parking Citations	0.300%	5,050
Bank of America-CNG Station	0.300%	5,243

<i>Money Market and Bank Account Sub-Total</i>	<i>3,004,869</i>
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Government Pools

Account #1 Operating Amount	38,581,609
Account #1 CRA Bond Cash Bal.	758,789
Local Agency Investment Fund: Account #1	0.285% 39,340,399
Account #2 Successor Agency Cash Bal	0
Local Agency Investment Fund: Account #2	0.285% -

<i>Government Pool Sub-Total</i>	<i>39,340,399</i>
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Operating Cash Balance	42,348,072
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Restricted Operating Funds at Riverside Public Utilities

Highmark U.S. Government Money Market Fund	0.000%	1,249,727
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Other Investments

Investments-US Bank/Piper Jaffray - See Page 2	0.269%	25,687,669
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Operating Funds Total	<u>69,285,469</u>
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Fiscal Agent

	Amount
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US Bank	35,309,033
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Fiscal Agent Total	<u>35,309,033</u>
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City of Banning Investment Report

March 31, 2013

Operational Portfolio Individual Investments

Par Value	Investment Description	Coupon Rate	Interest Rate	Maturity Date	Purchase Date	Purchase Date	(Premium) Amortization	Market Value
<u>Bank Accounts</u>								
2,983,155	Wells Fargo Bank-Operating	n/a	0.00%	daily	varies	2,983,155	n/a	2,983,155
-	Wells Fargo Bank-Investment Act	n/a	0.10%	daily	varies	-	n/a	-
11,422	Bank of America-Airport	n/a	0.30%	daily	varies	11,422	n/a	11,422
5,050	Bank of America-Parking Citations	n/a	0.30%	daily	varies	5,050	n/a	5,050
5,243	Bank of America-Parking Citations	n/a	0.30%	daily	varies	5,243	n/a	5,243
	Sub-total							3,004,869
<u>Government Pools</u>								
39,340,399	L.A.I.F. account #1	n/a	0.285%	daily	varies	39,340,399	n/a	39,340,399
-	L.A.I.F. account #2	n/a	0.285%	daily	varies	-	n/a	-
								39,340,399
<u>Investments-US Bank/Piper Jaffray</u>								
3,000,000	FNMA Deb	n/a	0.600%	5/29/2015	5/16/2012	3,000,000		3,001,740
3,000,000	Federal Farm Credits Bks	n/a	0.600%	5/22/2015	5/16/2012	3,000,000		3,002,010
2,000,000	FNMA MTN	n/a	0.550%	12/4/2014	6/27/2012	2,000,000		2,001,080
2,000,000	Federal Home Loan Bks	n/a	0.375%	7/30/2015	1/30/2013	2,000,000		1,999,340
3,000,000	FHLMC MTN	n/a	0.400%	8/20/2015	2/20/2013	3,000,000		2,997,570
12,685,929	Money Market	n/a	0.020%	daily	varies	12,685,929	0	12,685,929
								0.269%
								25,687,669
								US Bank/Piper Jaffray Average Rate=

Average Rate All= 0.266%

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 August 28, 2012. 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 151 days and does not include Bond Reserve Fund Investments.

City of Banning Investment Report

March 31, 2013

Individual Investments with Fiscal Agent

TRUSTEE		Bond	Maturity	Investment Description	Current	Bond	Minimum	Interest	3/31/2013
Bond Issue Description	Date	Date		Yield	Maturity Date	Reserve	Requirement	Mar-13	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		5.97	218,030
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	6,726.59		990,891
		US Bank Mmkt 5-Ct	0.040%		daily				557
		US Bank Mmkt 5-Ct	0.000%		daily				7
		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			255.54	8,328,274
		US Bank Mmkt 5-Ct	0.040%		daily			57.54	1,875,285
		US Bank Mmkt 5-Ct	0.050%		daily				19
		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	0.000%		daily				
Reserve Fund		US Bank Mmkt 5-Ct	0.000%		daily				
Special Fund		US Bank Mmkt 5-Ct	0.040%		daily				
Surplus Fund		US Bank Mmkt 5-Ct							
BUA - WATER ENTERPRISE REVENUE BONDS REFUNDING AND IMPROVEMENT PROJECTS 2005 SERIES									
Interest Account		US Bank Mmkt 5-Ct	0.060%		daily				
Principal Account		US Bank Mmkt 5-Ct	0.040%		daily				
Principal Fund		US Bank Mmkt 5-Ct	0.040%		daily				
Reserve Fund		US Bank Mmkt 5-Ct	0.040%		daily				
Project Fund		US Bank Mmkt 5-Ct	0.040%		daily				
BUA - ELECTRIC SYSTEM REVENUE BONDS 2007 SERIES									
Interest Account		US Bank Mmkt 5-Ct	0.050%		daily				
Principal Account		US Bank Mmkt 5-Ct	0.040%		daily				
Reserve Fund		US Bank Mmkt 5-Ct	0.040%		daily				
Project Fund		US Bank Mmkt 5-Ct	0.040%		daily				
*Paid Semi-Annually-Deposited into Money Mkt Account									
		Total						7,779.59	35,309,033

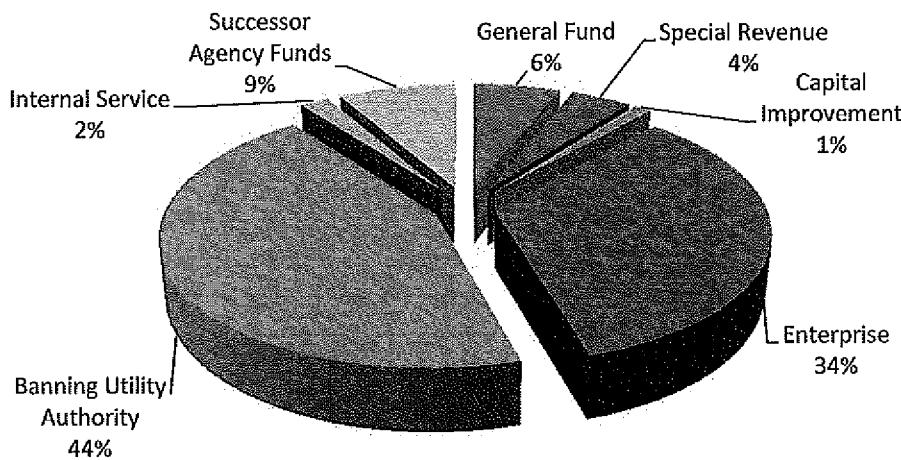
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City of Banning

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 six month period of July to December 2012. *(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
 - This account was used for the CRA/Successor Agency. 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. Remaining funds were transferred out to the LAIF account #1. The account remains available for use, should the City see a benefit in doing so.

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 earning 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.