

CITY COUNCIL AGENDA

Date: January 14, 2014

TO: City Council

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

SUBJECT: Report of Investments for November 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 November 2013. As of November 30, 2013, the City's operating funds totaled \$65,354,431. Included in Successor Agency operating funds is \$710,497 of restricted CRA bond proceeds that are on deposit with LAIF and reflected separately on the Summary Schedule.

As of November 30, 2013 approximately 41% of the City's unrestricted cash balances were invested in investments other than LAIF.

The November Investment Report includes the following documents:

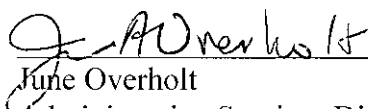
- Summary Schedule of Cash and Investments
- Operational Portfolio Individual Investments
- Individual Investments with Fiscal Agent
- Investment Report Supplemental Information

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) decreased to 0.263% in November. The average rate for all investments in November was 0.306%.

RECOMMENDED BY:

APPROVED BY:


June Overholt
Administrative Services Director/
Deputy City Manager


Andy Takata
City Manager

Summary Schedule of Cash and Investments

Operating Funds

		<u>Amount</u>
<i>Petty Cash</i>		2,805
		<u>Interest</u>
		<u>Rate Amount</u>
<i>Bank Accounts</i>		
Wells Fargo Bank	0 000%	592,969
Bank of America-Airport	0 300%	12,949
Bank of America-Parking Citations	0 300%	3,308
Bank of America-CNG Station	0 300%	<u>5,970</u>
<i>Money Market and Bank Account Sub-Total</i>		615,196
<i>Government Pools</i>		
Account #1 Operating Amount	37,302,179	
Account #1 CRA Bond Cash Bal	710,497	
Local Agency Investment Fund: Account #1	0 263%	38,012,676
Account #2 Successor Agency Cash Bal	0	
Local Agency Investment Fund: Account #2	0 263%	<u>0</u>
<i>Government Pool Sub-Total</i>		<u>38,012,676</u>
Operating Cash Balance		38,630,677
<i>Restricted Operating Funds at Riverside Public Utilities</i>		
Highmark U.S. Government Money Market Fund	0 010%	970,695
<i>Other Investments</i>		
Investments-US Bank/Piper Jaffray - See Page 2	0 377%	25,753,059
<i>Operating Funds Total</i>		<u><u>65,354,431</u></u>

Fiscal Agent

		<u>Amount</u>
US Bank		<u>36,199,700</u>
<i>Fiscal Agent Total</i>		<u><u>36,199,700</u></u>

City of Banning Investment Report

November 30, 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>								
592,969	Wells Fargo Bank-Operating	n/a	0.00%	daily	varies	592,969	n/a	592,969
-	Wells Fargo Bank-Investment Acct	n/a	0.10%	daily	varies	-	n/a	-
12,949	Bank of America-Airport	n/a	0.30%	daily	varies	12,949	n/a	12,949
3,308	Bank of America-Parking Citations	n/a	0.30%	daily	varies	3,308	n/a	3,308
5,970	Bank of America-Parking Citations	n/a	0.30%	daily	varies	5,970	n/a	5,970
Sub-total								615,196
<u>Government Pools</u>								
38,012,676	L A I F account #1	n/a	0.263%	daily	varies	38,012,676	n/a	38,012,676
0	L A I F account #2	n/a	0.263%	daily	varies	0	n/a	0
								38,012,676
<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		3,000,870
1,000,000	FHLMC Mtn	n/a	0.570%	6/20/2016	6/6/2013	1,000,000		1,000,210
1,000,000	FNMA	n/a	0.750%	12/19/2016	6/19/2013	1,000,000		1,000,280
1,000,000	FNMA Deb	n/a	0.550%	6/6/2016	6/20/2013	1,000,000		999,700
3,000,000	FNMA	n/a	1.125%	1/30/2017	7/30/2013	3,000,000		3,015,270
3,000,000	Federal Farm Credits Bks	n/a	0.940%	7/15/2016	7/15/2013	3,000,000		3,009,960
13,726,769	Money Market	n/a	0.010%	daily	varies	13,726,769	0	13,726,769
US Bank/Piper Jaffray Average Rate=			0.377%					25,753,059

Average Rate All= 0.306%

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 186 days and does not include Bond Reserve Fund Investments.

City of Banning Investment Report

November 30, 2013

Individual Investments with Fiscal Agent

Bond Issue Description	Bond Maturity Date	Investment Description	Current Yield	Bond Reserve Bond Maturity Date	Minimum Reserve Requirement	Interest Nov-13	11/30/2013 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	4.79	188,041
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	12,090.06	990,267
		US Bank Mmkt 5-Ct	0.030%	daily		0.53	21,753
		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	0.030%	daily		212.25	8,330,375
Reserve Fund		US Bank Mmkt 5-Ct	0.030%	daily	1,880,751	47.78	1,875,384
Special Fund		US Bank Mmkt 5-Ct	0.020%	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	0.000%	daily		2.26	2
Principal Account		US Bank Mmkt 5-Ct	0.000%	daily		1.85	4
		US Bank Mmkt 5-Ct	0.030%	daily		83.95	3,294,939
BUA - WATER ENTERPRISE REVENUE BONDS REFUNDING AND IMPROVEMENT PROJECTS 2005 SERIES							
Interest Account		US Bank Mmkt 5-Ct	0.000%	daily		10.42	10
Principal Account		US Bank Mmkt 5-Ct	0.050%	daily		9.81	20
Reserve Fund		US Bank Mmkt 5-Ct	0.030%	daily	2,310,710	58.89	2,310,855
Project Fund		US Bank Mmkt 5-Ct	0.030%	daily		40.81	1,601,763
BFA - ELECTRIC SYSTEM REVENUE BONDS 2007 SERIES							
		US Bank Mmkt 5-Ct	0.030%	daily			893,303
		US Bank Mmkt 5-Ct	0.030%	daily	2,672,050	68.10	2,672,634
Acquisition & Construction		US Bank Mmkt 5-Ct	0.030%	daily		357.22	14,020,269
*Paid Semi-Annually-Deposited into Money Mkt Account			Total			12,988.72	36,199,700

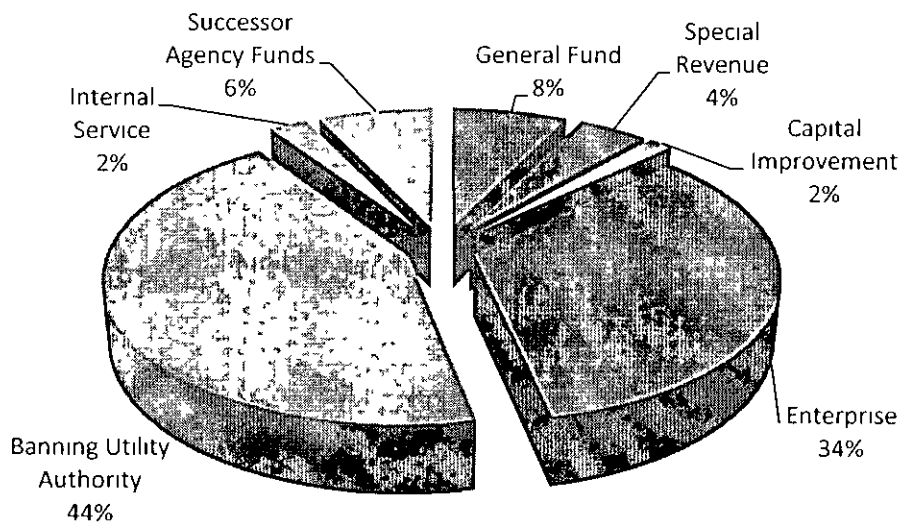
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City of Banning

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.