

## CITY COUNCIL AGENDA

**Date:** November 12, 2013  
**TO:** City Council  
**FROM:** June Overholt, Administrative Services Director/Deputy City Manager  
**SUBJECT:** Report of Investments for September 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 September 2013. As of September 30, 2013, the City's operating funds totaled \$65,980,562. Included in Successor Agency operating funds is \$707,581 of restricted CRA bond proceeds that are on deposit with LAIF and reflected separately on the Summary Schedule.

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


The September 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) are currently being reviewed 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 0.257% in September. The average rate for all investments in September was 0.313%.

**RECOMMENDED BY:**

  
June Overholt  
Administrative Services Director/  
Deputy City Manager

**APPROVED BY:**

  
Andy Takata  
City Manager

**Summary Schedule of Cash and Investments**

**Operating Funds**

		<u>Amount</u>
<i>Petty Cash</i>		2,805
<i>Bank Accounts</i>		
	Interest	
	Rate	Amount
Wells Fargo Bank	0.000%	738,088
Bank of America-Airport	0.300%	11,055
Bank of America-Parking Citations	0.300%	3,354
Bank of America-CNG Station	0.300%	<u>17,495</u>
<i>Money Market and Bank Account Sub-Total</i>		769,992
<i>Government Pools</i>		
Account #1 Operating Amount	37,980,646	
Account #1 CRA Bond Cash Bal.	707,581	
Local Agency Investment Fund: Account #1	0.257%	38,688,227
Account #2 Successor Agency Cash Bal	0	
Local Agency Investment Fund: Account #2	0.257%	<u>0</u>
<i>Government Pool Sub-Total</i>		<u>38,688,227</u>
<b>Operating Cash Balance</b>		<b>39,461,024</b>
<i>Restricted Operating Funds at Riverside Public Utilities</i>		
Highmark U.S. Government Money Market Fund	0.010%	804,212
<i>Other Investments</i>		
Investments-US Bank/Piper Jaffray - See Page 2	0.406%	25,715,326
<i>Operating Funds Total</i>		<u><u>65,980,562</u></u>

**Fiscal Agent**

		<u>Amount</u>
US Bank		<u>35,754,639</u>
<i>Fiscal Agent Total</i>		<u><u>35,754,639</u></u>

City of Banning Investment Report

September 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
<i>Bank Accounts</i>								
738,088	Wells Fargo Bank-Operating	n/a	0.00%	daily	varies	738,088	n/a	738,088
-	Wells Fargo Bank-Investment Acct	n/a	0.10%	daily	varies	-	n/a	-
11,055	Bank of America-Airport	n/a	0.30%	daily	varies	11,055	n/a	11,055
3,354	Bank of America-Parking Citations	n/a	0.30%	daily	varies	3,354	n/a	3,354
17,495	Bank of America-Parking Citations	n/a	0.30%	daily	varies	17,495	n/a	17,495
Sub-total								
								769,992
<i>Government Pools</i>								
38,688,227	L.A.I.F. account #1	n/a	0.257%	daily	varies	38,688,227	n/a	38,688,227
0	L.A.I.F. account #2	n/a	0.257%	daily	varies	0	n/a	0
Sub-total								
								38,688,227
<i>Investments-US Bank/Piper Jaffray</i>								
2,000,000	Federal Home Loan Bks	n/a	0.375%	7/30/2015	1/30/2013	2,000,000		1,999,000
3,000,000	Federal Home Loan Bks	n/a	0.500%	4/11/2016	4/11/2013	3,000,000		2,990,100
1,000,000	FHLMC Mtn	n/a	0.570%	6/20/2016	6/6/2013	1,000,000		996,970
1,000,000	FNMA	n/a	0.750%	12/19/2016	6/19/2013	1,000,000		995,440
1,000,000	FNMA Deb	n/a	0.550%	6/6/2016	6/20/2013	1,000,000		995,870
3,000,000	FNMA	n/a	1.125%	1/30/2017	7/30/2013	3,000,000		3,013,980
3,000,000	Federal Farm Credits Bks	n/a	0.940%	7/15/2016	7/15/2013	3,000,000		3,006,690
11,717,276	Money Market	n/a	0.010%	daily	varies	11,717,276	0	11,717,276
US Bank/Piper Jaffray Average Rate= 0.406%								

Average Rate All= 0.313%

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 215 days and does not include Bond Reserve Fund Investments.

City of Banning Investment Report

September 30, 2013

Individual Investments with Fiscal Agent

Bond Maturity Date	Bond Issue Description	Investment Description	Current Yield	Bond Reserve	Bond Maturity Date	Minimum Reserve Requirement	Interest Sep-13	9/30/2013 Market Value
<b>COB IMPROVEMENT DISTRICT LIMITED OBLIGATION BONDS SERIES 2005A</b>								
2035	US Bank Mmkt 5-Ct		0.040%	daily	188,943		7.71	188,032
<b>COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BANNING TAX ALLOCATION, SERIES 2003</b>								
2028	U S Treasury Bill		4.61%	7/28/2011	971,763		0.71	982,971
	US Bank Mmkt 5-Ct		0.040%	daily				20,948
	US Bank Mmkt 5-Ct		0.040%	daily				23
	US Bank Mmkt 5-Ct		0.000%	daily				8
<b>COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BANNING TAX ALLOCATION PARITY BONDS, SERIES 2007</b>								
2037	US Bank Mmkt 5-Ct		0.040%	daily			282.98	8,329,953
	US Bank Mmkt 5-Ct		0.040%	daily	1,880,751		63.71	1,875,289
	US Bank Mmkt 5-Ct		0.050%	daily				41
	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				3
	Principal Account	US Bank Mmkt 5-Ct	0.040%	daily			2.46	72,514
		US Bank Mmkt 5-Ct	0.040%	daily			111.93	3,294,772
<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			13.08	385,077
	Reserve Fund	US Bank Mmkt 5-Ct	0.040%	daily	2,310,710		78.51	2,311,204
	Project Fund	US Bank Mmkt 5-Ct	0.040%	daily			54.41	1,601,682
<b>BFA - ELECTRIC SYSTEM REVENUE BONDS 2007 SERIES</b>								
	Interest Account	US Bank Mmkt 5-Ct	0.030%	daily				37
	Principal Account	US Bank Mmkt 5-Ct	0.040%	daily	2,672,050		90.79	2,672,498
	Reserve Fund	US Bank Mmkt 5-Ct	0.040%	daily			476.26	14,019,558
<b>Acquisition &amp; Construction</b>								
<b>Total</b>								<b>35,754,639</b>

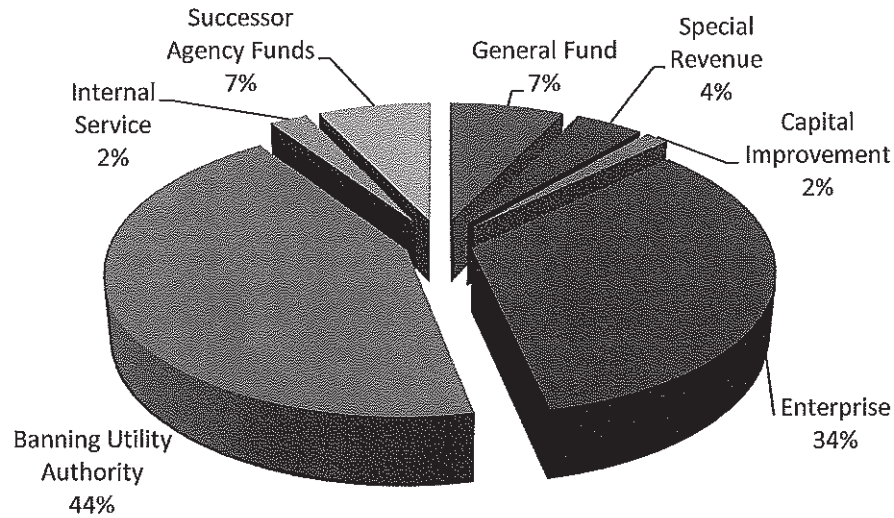
\*Paid Semi-Annually-Deposited into Money Mkt Account

# 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

### 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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