

CITY COUNCIL AGENDA

Date: March 26, 2013
TO: City Council
FROM: June Overholt, Administrative Services Director/Deputy City Manager
SUBJECT: Report of Investments for February 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 February 2013. As of February 28, 2013, the City's operating funds totaled \$70,300,314. Included in Successor Agency operating funds is \$756,084 of restricted CRA bond proceeds that are on deposit with LAIF and reflected separately on the Summary Schedule.


As of February 28, 2013 approximately 46% of the City's unrestricted cash balances were invested in investments other than LAIF.

The February Investment Report includes the following documents:


- Summary Schedule of Cash and Investments
- Operational portfolio Individual investments
- Individual Investments with Fiscal Agent
- Investment Report Observations **NEW**

FISCAL DATA: The latest reports from the State indicate that the average interest achieved by the Local Agency Investment Fund (LAIF) decreased to 0.286% in February. The average rate for all investments in February was 0.255%.

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>
<u>Petty Cash</u>		2,805
<u>Bank Accounts</u>	Interest	
	Rate Amount	
Wells Fargo Bank	0.000%	5,867,178
Bank of America-Airport	0.300%	4,982
Bank of America-Parking Citations	0.300%	6,026
Bank of America-CNG Station	0.300%	<u>4,404</u>
<i>Money Market and Bank Account Sub-Total</i>		5,882,591
<u>Government Pools</u>		
Account #1 Operating Amount	36,584,315	
Account #1 CRA Bond Cash Bal.	756,084	
Local Agency Investment Fund: Account #1	0.286%	37,340,399
Account #2 Successor Agency Cash Bal	348	
Local Agency Investment Fund: Account #2	0.286%	<u>348</u>
<i>Government Pool Sub-Total</i>		<u>37,340,747</u>
Operating Cash Balance		43,226,143
<u>Restricted Operating Funds at Riverside Public Utilities</u>		
Highmark U.S. Government Money Market Fund	0.000%	1,386,683
<u>Other Investments</u>		
Investments-US Bank/Piper Jaffray - See Page 2	0.269%	25,687,488
Operating Funds Total		<u>70,300,314</u>

Fiscal Agent

	<u>Amount</u>
US Bank	<u>35,356,377</u>
<i>Fiscal Agent Total</i>	<u>35,356,377</u>

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City of Banning Investment Report

February 28, 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>								
5,867,178	Wells Fargo Bank-Operating	n/a	0.00%	daily	varies	5,867,178	n/a	5,867,178
-	Wells Fargo Bank-Investment Acct	n/a	0.10%	daily	varies	-	n/a	-
4,982	Bank of America-Airport	n/a	0.30%	daily	varies	4,982	n/a	4,982
6,026	Bank of America-Parking Citations	n/a	0.30%	daily	varies	6,026	n/a	6,026
4,404	Bank of America-Parking Citations	n/a	0.30%	daily	varies	4,404	n/a	4,404
Sub-total								
<u>Government Pools</u>								
37,340,399	L.A.I.F. account #1	n/a	0.286%	daily	varies	37,340,399	n/a	37,340,399
348	L.A.I.F. account #2	n/a	0.286%	daily	varies	348	n/a	348
Sub-total								
<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		3,002,220
3,000,000	Federal Farm Credits Bks	n/a	0.600%	5/22/2015	5/16/2012	3,000,000		3,002,640
2,000,000	FNMA MTN	n/a	0.550%	12/4/2014	6/27/2012	2,000,000		2,001,380
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	FHLMC MTN	n/a	0.400%	8/20/2015	2/20/2013	3,000,000		2,996,700
12,685,748	Money Market	n/a	0.020%	daily	varies	12,685,748	0	12,685,748
Sub-total								
<u>US Bank/Piper Jaffray Average Rate=</u>								
0.269%								
Average Rate All= 0.255%								

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 155 days and does not include Bond Reserve Fund Investments.

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City of Banning Investment Report

February 28, 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 Feb-13	2/28/2013 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	6.39	279,915	
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	2.25	977,953	
Surplus Fund		US Bank Mmkt 5-Ct	0.000%	daily		6.71	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		282.91	8,328,018	
Reserve Fund		US Bank Mmkt 5-Ct	0.040%	daily	1,880,751	63.72	1,875,227	
Special Fund		US Bank Mmkt 5-Ct	0.050%	daily		18.70	19	
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			3	
Principal Account		US Bank Mmkt 5-Ct	0.000%	daily			5	
		US Bank Mmkt 5-Ct	0.040%	daily		112.22	3,294,007	
BUA - WATER ENTERPRISE REVENUE BONDS REFUNDING AND IMPROVEMENT PROJECTS 2005 SERIES								
Interest Account		US Bank Mmkt 5-Ct	0.060%	daily			18	
Principal Account		US Bank Mmkt 5-Ct	0.040%	daily			25	
Reserve Fund		US Bank Mmkt 5-Ct	0.040%	daily	2,310,710	78.51	2,311,124	
Project Fund		US Bank Mmkt 5-Ct	0.040%	daily		54.40	1,601,310	
BFA - ELECTRIC SYSTEM REVENUE BONDS 2007 SERIES								
Acquisition & Construction		US Bank Mmkt 5-Ct	0.050%	daily			19	
		US Bank Mmkt 5-Ct	0.040%	daily	2,672,050	90.79	2,672,410	
		US Bank Mmkt 5-Ct	0.040%	daily		483.28	14,016,301	
							Total	35,356,377

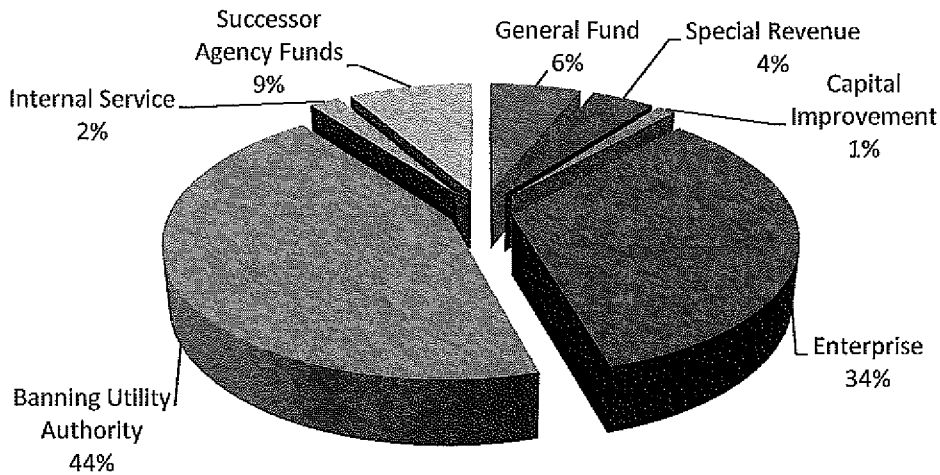
*Paid Semi-Annually-Deposited into Money Mkt Account

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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 includes a remaining cash balance related to the CRA.
 - 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. After the transfer was made, some interest earnings were posted, which represents the balance in the account. The account will be closed during 2012.

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.