



## AGENDA BILL

Agenda Item No. 5(D)

**Date:** November 21, 2011  
**To:** El Cerrito City Council  
**From:** Mary Dodge, Administrative Services Director/City Treasurer  
**Subject:** September 30, 2011 Quarterly Investment Report

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### **ACTION REQUESTED**

Receive and file the City's September 30, 2011 Quarterly Investment Report.

### **QUARTERLY INVESTMENT REPORT REVIEW**

The Quarterly Investment Report shows that the city's investments had a par value of \$6,638,448.76 as of September 30, 2011, a decrease of \$91,878.49 from last quarter. This is due to the use of funds for debt service payments and operations offset by the receipt of \$3,510,000 from the issuance of Tax Anticipation Notes (TAN'S) on September 21, 2011 as well as the inclusion for the first time of \$2,382,681 of Integrated Waste Management (IWM) funds to be used for the Recycling and Environmental Resource Center.

The IWM funds are the remainder of the \$3,500,000 Lease/Purchase Financing completed in November 2010. The funds are held with Deutsche Bank as the trustee and the omission from the report was not discovered until this quarter. This entry will be included in subsequent reports until the funds are fully utilized.

The TAN's were necessary due to the annual trend of cash receipts being low every fall as the City continues operations and makes significant July 1 debt service payments while waiting for the 55% of property tax to be received in December.

Since the Redevelopment Agency (RDA) debt service payments are due on July 1<sup>st</sup>, every year in the June 30 statement the Redevelopment Agency money market accounts show an increase in investment assets, but in reality it is just a pass through to the debt service payments. This is reflected in the small amounts shown in the RDA money market accounts for this report in comparison to the prior quarter amounts of \$1,477,921. As a reminder, the RDA bonds do not have a reserve account like the other bonds because they issued surety bonds to satisfy that requirement instead of maintaining a reserve balance like the other issuances.

Without any bond proceeds to invest, the City continues to have minimal investments that are not required for debt service reserves, and to have limited, if any, interest earnings on those restricted funds. Debt reserve funds are required to be in very secure portfolios and U.S. Treasury funds are the most secure. LAIF continues to provide the most liquid investment asset available and

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will continue to be used to invest the operational portion of the city's cash in order to maintain cash flow.

Of the total amount invested, \$2,010,575 (30.29%) is invested in Pooled Funds/LAIF and \$4,627,874 (69.71%) is held in Money Market funds. Overall, interest rates continue to be extremely low and currently LAIF is at .38%, which is .10% lower than the last quarter, and to my knowledge, an all time low.

**FINANCIAL CONSIDERATIONS**

The purpose of the City's Investment Policy is to provide guidelines for the prudent investment of the City's idle funds, and to outline the policies for maximizing the efficiency of the City's cash management system. The ultimate goal is to enhance the economic status of the City while protecting the funds at all times. The City's investments are in compliance with the "Authorized Investments" section of the Investment Policy.

**Reviewed by:**



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**Scott Hanin**  
**City Manager**

Attachment:

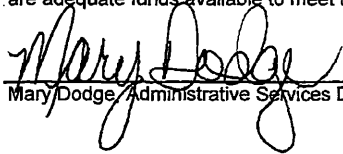
1. City of El Cerrito September 30, 2011 Quarterly Investment Report.

# City of El Cerrito

## Quarterly Investment Report For the Period Ending September 30, 2011

FUND	INVESTMENT TYPE	INVESTMENT	TRUSTEE/ BROKER	PAR VALUE	COST	INTEREST OR YIELD	MATURITY DATE	COST/ 100	*MARKET VALUE
Pooled Investments	Pooled Fund	LAIF	CA State Treasurer	\$2,010,575.19	\$2,010,575.19	0.38%	N/A	100.00	\$2,010,575.19
Storm Drain Fund	Money Market	US Bank US Treasuries	US Bank	\$534,175.00	\$534,175.00	0.00%	N/A	100.00	\$534,175.00
Swim Center Fund	Money Market	Federated Prm Money Market	Bank of NY	\$366,462.02	\$366,462.02	0.01%	N/A	100.00	\$366,462.02
City Hall Debt Fund	Money Market	Union Bank US Treasuries	Union Bank of CA	\$603,329.10	\$603,329.10	0.01%	N/A	100.00	\$603,329.10
Street Improvement Fund	Money Market	Union Bank US Treasuries	Union Bank of CA	\$741,222.95	\$741,222.95	0.01%	N/A	100.00	\$741,222.95
Integrated Waste Mgmt Fund	Money Market	Capital One Bank	Deutsche Bank	\$2,382,681.43	\$2,382,681.43	0.05%	N/A	100.00	\$2,382,681.43
Redevelopment Agency Fund	Money Market	Union Bank U.S Treasuries	Union Bank of CA	\$1.45	\$1.45	0.00%	N/A	100.00	\$1.45
	Money Market	Union Bank U.S Treasuries	Union Bank of CA	\$1.62	\$1.62	0.00%	N/A	100.00	\$1.62
<b>TOTALS, as of September 30, 2011</b>				<b>\$6,638,448.76</b>	<b>\$6,638,448.76</b>				<b>\$6,638,448.76</b>

I certify that this report is in compliance with the City of El Cerrito Investment Policy and California Government Code 53646 and that there are adequate funds available to meet the next six months of estimated expenditures.



Mary Dodge, Administrative Services Director/City Treasurer