

CITY COUNCIL/REDEVELOPMENT AGENCY

TUESDAY, FEBRUARY 16, 2010

AGENDA ITEM No. 14

CONSENT CALENDAR

MOTION

Accept and file Second Quarter Treasurer's Report
ending December 31st, 2009 (Stephanie Osaze,
Director-Finance Department)



City of East Palo Alto Finance Department

To: Mayor and City Council members; Chair and Members of the Redevelopment Agency

Via: Alvin D. James, City Manager

From: Stephanie Osaze, Finance Director

Date: February 16, 2010

Re: Second Quarter Treasurer's Report ending December 31st, 2009

RECOMMENDATION

By motion, receive and file the attached Treasurer's Report for the second quarter ending December 31st, 2009.

BACKGROUND

Pursuant to Section 53646 of the Government Code of the State of California, the City Treasurer may submit a quarterly report (**see Schedule A**) to the City Council regarding the funds and investments of the City. The City Treasurer is required to state compliance with the statement of Investment Policy and to denote the ability of the City to meet its expenditure requirements for the next six months. As indicated, this report is submitted in compliance with Section 53646 of the Government Code and the City's Investment Policy.

ANALYSIS

The report covers all investments of the City including the Redevelopment Agency (the Agency). For investment purposes, all City and Agency cash is pooled, except for bond proceeds which are held by a trustee. The City does not have, nor is it legally required to have, separate bank accounts for each individual fund. However, all cash is segregated on the accounting records.

As of December 31st 2009 the portfolio of the City of East Palo Alto totaled \$31,093,910 (includes outstanding checks of \$877,161), of which the General Fund Cash totaled \$4,757,461. Another \$22,255,603 of cash balances is associated with Special Revenue and Restricted Funds. The remaining cash balance of \$3,203,685 is restricted bond proceeds being held by the City's trustee. The majority of the City's investments are in the Local Agency Investment Fund (LAIF) and the San Mateo County Treasurers Pool.

LAIF is an investment pool operated by the State Treasurer and has traditionally had higher yields than market averages. It is also completely liquid and the City can access the funds on 24-hour notice. The County Treasurer's Pool is also completely liquid although the maturity of the underlying securities is longer than LAIF, which may give the portfolio a higher yield. Staff has no control over the investment of funds and each pool is managed by the agency's investment staff with oversight by an investment oversight committee or board.

The City currently has one CD investment with California Bank & Trust in the amount of \$100,000. The CD has a 1 year maturity date scheduled to expire July, 2010.

As of December 31st, 2009, there is \$3,203,685 in bond proceeds being held and invested by the bond trustee, **see schedule B** for a list of these investments. On October 1st 2009 the Authority, in its role as a Joint Powers Authority, became owner of 1999 Agency Bonds that were outstanding as of October 1st, 2009. This was a planned purchase executed as part of the "purchase in lieu of redemption structure" through the issuance of the 2005 Authority Bonds. The remaining bond proceeds are restricted to fund a reserve account for the bonds, pay for infrastructure projects, and a portion is used towards interest payments on the bonds.

The City has sufficient investment liquidity and anticipated revenues to meet the City's anticipated expenditure requirements for the next six months. All investments are in compliance with California Government Code and the City's investment policy.

SCHEDULE A

CITY AND REDEVELOPMENT AGENCY OF EAST PALO ALTO

SUMMARY OF ALL INVESTMENTS

For Month Ending December 2009

Category	Maturity		Weighted Average Interest Rate	HISTORICAL Book Value	% of invest.	GASB 31 ADJ Market Value
	Day(s)	Years				
Liquid Investments:						
1. ON DEMAND DEPOSITS (Wells Fargo checking)	na		0.10%	1,116,850.82	4.00%	1,116,850.82
2. Petty Cash	na		0.00%	11,200.00	0.04%	11,200.00
3. Local Agency Investment Fund (LAIF)	220 days avg. maturity		0.60%	14,393,154.07	51.61%	14,393,154.07
4. California Bank & Trust - Certificate of Deposit	July 2009 to July 2010		1.00%	100,000.00	0.36%	100,000.00
5. San Mateo County Pool Investment	1. 1 yrs avg. maturity		1.11%	12,269,020.15	43.99%	12,269,020.15
Agency Securities						
None						
Total - Investments			0.806%	27,890,225.04		27,890,225.04
General Fund Cash Balance				4,757,460.95		4,757,460.95
Consolidation of Other Funds Cash Balance				22,255,603.03		22,255,603.03
Total - Cash Balance				27,013,063.98		27,013,063.98
Difference between Total of Investments and Cash Balance is outstanding checks and other adjustments to cash accounts				877,161.06		877,161.06
Bond Proceeds Accounts:						
EPA Redevelopment Agency - Restricted Cash						
1999 Tax Bonds				1,656,793.04		1,656,793.04
2003 Series A Refunding Bonds				38,787.79		38,787.79
2003 Series B Refunding Bonds				270,896.92		270,896.92
EPA Public Financing Authority						
2005 Series A Revenue Bonds				1,230,719.52		1,230,719.52
Restricted cash - Purchased Fund				6,488.17		6,488.17
Total - Bond Proceeds Accounts				3,203,685.44		3,203,685.44
GRAND TOTAL OF PORTFOLIO				31,093,910.48		31,093,910.48

CERTIFICATION:

Pursuant to State law, there are sufficient funds to meet East Palo Alto's expenditure requirements for the coming 6 months. Total funds invested represent consolidation of all fund types, and availability of some of these is restricted by law (e.g. Gas Tax, Bond Proceeds, Trust and Agency Funds, Capital Projects, and Enterprise Funds).

Stephanie Osaze
Finance Director/Treasurer

Date

SCHEDULE B

East Palo Alto Redevelopment Agency
 Quarterly Investment Report - As of 12/31/2010

Restricted Cash - Bond Proceeds Accounts Detail

	<u>Type of Investments</u>	<u>Purchase Date</u>	<u>Mature Date</u>	<u>Yield rate</u>		<u>Current Value</u>
1	JP Morgan Chase Bank	10/27/1999	10/1/2032	7.050	\$	1,656,713
2	Wells Fargo Advantage 100% Treasury Money Market Fund	n/a	30 days	0.01	\$	80
3	Wells Fargo Advantage 100% Treasury Money Market Fund	n/a	30 days	0.01	\$	0
4	JP Morgan Chase Bank	12/23/2003	10/1/2032	5.330	\$	38,787
5	Wells Fargo Advantage 100% Treasury Money Market Fund	n/a	30 days	0.01	\$	0
6	JP Morgan Chase Bank	12/23/2003	10/1/2032	5.330	\$	270,897
7	Wells Fargo Advantage 100% Treasury Money Market Fund	n/a	30 days	0.01	\$	522
8	Wells Fargo Advantage 100% Treasury Money Market Fund	n/a	30 days	0.01	\$	1,230,198
9	Wells Fargo Advantage 100% Treasury Money Market Fund	n/a	30 days	0.01	\$	6,488
Total - Bond Proceeds Accounts					\$	3,203,685