

Benado, Tony

From: Numainville, Mark L.
Sent: Thursday, June 25, 2020 9:23 AM
To: Agenda MailBox
Cc: Thomsen, Rose; Benado, Tony
Subject: FW: The Pool Investment Composition Report for the Third Quarter Ended March 31, 2020 and Liquidity needs
Attachments: The pooled investment and cash.pdf

Supp 2 for June 30.

Mark Numainville
City Clerk
City of Berkeley
(510) 981-6909

From: Oyekanmi, Henry
Sent: Thursday, June 25, 2020 9:10 AM
To: Arreguin, Jesse L. <JArreguin@cityofberkeley.info>; Kesarwani, Rashi <RKesarwani@cityofberkeley.info>; Davila, Cheryl <CDavila@cityofberkeley.info>; Bartlett, Ben <BBartlett@cityofberkeley.info>; Harrison, Kate <KHarrison@cityofberkeley.info>; Hahn, Sophie <SHahn@cityofberkeley.info>; Wengraf, Susan <SWengraf@cityofberkeley.info>; Robinson, Rigel <RRobinson@cityofberkeley.info>; Droste, Lori <Ldroste@cityofberkeley.info>
Cc: Williams-Ridley, Dee <DWilliams-Ridley@cityofberkeley.info>; Berkeley, Teresa <TBerkeley@cityofberkeley.info>; Buddenhagen, Paul <PBuddenhagen@cityofberkeley.info>; White, David <DWhite@cityofberkeley.info>; Wong, Jenny <JWong@cityofberkeley.info>; Numainville, Mark L. <MNumainville@cityofberkeley.info>
Subject: The Pool Investment Composition Report for the Third Quarter Ended March 31, 2020 and Liquidity needs

Dear Mayor and City Council-During the City Council meeting on Tuesday June 23, 2020. The Council discussed the City's Investment report and the liquidity cash balances. Here is a comprehensive answer to the questions that were asked by several Council members.

The City needs cash liquidity of about 60 million every quarter in order to pay vendors and make payroll. The \$72.6M was the balance for the third quarter which ended March 31, 2020 (See attached report). The \$72.6 Million is dedicated for the next quarter which we are currently in. The fourth quarter began in April and will end next week. The \$72.6 million was supposed to cover this quarter and the balance if any would be the balance of what will be carried over to the next quarter which will begin on July 1st. Assuming we have a balance of \$12.5M, the City will need to source for an additional liquidity of \$47.5M in order to cover the first quarter of the next fiscal year. The liquidity plan is for the City to borrow \$43 million through its TRAN\$ issuance and mop up all the late revenues that will come in through the next few months.

For context:

Each year, the City (as do many local agencies) issues Tax and Revenue Anticipation Notes ("Notes") to help with its working capital needs during the first six months of the fiscal year. The reason for this issuance is that the City does not receive property tax revenues until December, thereby creating a negative cash flow in the General Fund. The City's General Fund cash flow has become more volatile due to (1) The City now receives property tax in December and April; and (2) also receives the payment of Vehicle In Lieu fees in December and May with the property taxes, instead of monthly.

The money will be deposited in the General Fund and used by the City for any purpose for which it is authorized to expend General Fund monies. This is how the City manages its liquidity and has very little float. I hope this helps clarify some of the questions that were raised. Thank you

The pooled investment and cash \$476,481,447 reported on the FY 2020 3rd quarter investment report is consist of the following fund cash and investment balances:

Fund #	Fund	Amount	Amount
	General Funds		
11	General Operating	72,614,962	
13	Payroll Trust Fund	1,103,914	
15	TRANS fund	17,390,000	
98	GF-Stabilization Reserve	20,502,922	
99	GF-Catastrophic Reserve	17,012,481	
	Other GF	(107,353)	
	Total General Fund		128,516,927
	Special Revenue Funds		
101-105	Library Funds	12,315,267	
120	Affordable Housing Mitigation	8,886,418	
125	Playground Camp Fund	17,888,564	
127	State Transportation Tax	4,579,237	
130-132	Measure B funds	3,144,185	
134-136	Measure BB funds	8,625,378	
138	Park Tax	6,934,259	
154	PERS Saving fund	9,305,525	
	Other various special funds	28,624,634	
	Total special revenue fund		100,303,466
	Grant Fund:		
315	Mental Health Service Act	12,041,854	
	Other various grant funds	7,202,665	
	Total Grant Funds		19,244,519
	Capital Project Fund		
501	Capital Improvement Fund	11,365,472	
511	Measure T1 - Infrstr and Fac	25,014,550	
	Other various Capital Project funds	11,187,152	
	Total Capital Project Funds		47,567,173

551-560	Debt Service Fund		8,093,457
	Enterprise Funds		
601	Zero Waste	25,181,102	
611	Sanitary Sewer Operation	29,436,614	
	Other various enterprise funds	36,291,192	
	total Enterprise Funds		90,908,907
	Internal Service Funds		
671	Equipment Replacement fund	15,298,281	
676	Worker's Compensation Fund	41,043,187	
	Other various Internal Service funds	15,111,192	
	Total Internal Service Funds		71,452,660
	Successor Agency fund and other Agency funds		7,174,781
	Rent Board Fund		3,219,556
	Total Pooled Investments		476,481,447