



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 15, 2025**

FROM: FINANCE DEPARTMENT **WARDS: ALL**

SUBJECT: FISCAL YEAR 2024/25 THIRD QUARTER CASH, INVESTMENTS, AND DEBT REPORT

ISSUE:

That the City Council receive and provide input on the attached Fiscal Year 2024/25 Third Quarter Cash, Investments, and Debt Report.

RECOMMENDATION:

That the City Council receive and provide input on the attached Fiscal Year 2024/25 Third Quarter Cash, Investments, and Debt Report.

BACKGROUND:

The Cash, Investments, and Debt report is prepared quarterly to provide an overview of the City's cash and investment portfolio, and debt management activities and portfolio. It is staff's intention to provide the Cash, Investments and Debt Report at the same City Council meeting as the Quarterly Financial Report for the General Fund and other City funds, in order to provide a comprehensive review of all City Finance activities.

DISCUSSION:

Quarterly Cash and Investment Report

Sound investment practices are an essential component of the City's strong fiscal management. The Finance Department is responsible for managing the City's investment portfolio, focusing first on the safety of investments, and then on liquidity and an appropriate rate of return. The investment results and portfolio composition are summarized and reported to the City Council quarterly and presented to the Finance Committee annually. As of March 31, 2025, the City's pooled investment portfolio's market value was \$1.007 billion. The market value of investments held for the Section 115 Pension Trust Fund, fiscal agents (bond proceeds and reserve funds primarily), and other miscellaneous cash amounts to an additional \$338 million. The weighted average yield of the pooled investment portfolio is 3.57% as of March 31, 2025.

The authority to manage the City's investment program is provided by the California Government Code Sections 53600-53610, which allow the City Council to delegate to the Treasurer/Chief Financial Officer (CFO) the authority to invest or to reinvest all funds of the City for a one-year period. In accordance with the City Charter and under authority granted by the City Council, the CFO is designated the responsibilities of the Treasurer and is responsible for investing the unexpended cash in the City Treasury consistent with the City's adopted investment policy.

The Cash and Investment Report, including a listing of cash balances by fund, is included in Attachment 1. These cash balances reflect each fund's share of the City's pooled investment portfolio. Also shown are interfund loan receivables, which are treated as available cash due to the CFO/Treasurer's authorization to move loan receivables to other funds as needed.

All listed funds have a positive cash balance except for the following funds as of March 31, 2025:

1. **Convention Center Fund (\$53,730):** The negative balance in the pooled investment portfolio is offset by \$3,258,474.55 in miscellaneous cash holdings, resulting in a net positive cash position of \$3,204,744.55.
2. **Federal and Special Program Funds:** The following funds have temporary negative cash balances resulting from a timing difference between eligible program expenditures and corresponding grant reimbursements.
 - Urban Areas Security Initiative: (\$1,182,415)
 - Community Development Block Grant: (\$518,193)
 - HOME Investment Partnership Program: (\$1,559,898)
 - Housing Opportunities for Persons with AIDS: (\$2,336,486)
 - Neighborhood Stabilization Program: (\$127,423)
 - NPDES Storm Drain: (\$444,645)
3. **Capital Outlay Grants (\$15,200,420):** The negative balance is due to a timing difference between eligible capital project expenditures and the corresponding grant reimbursements.
4. **Transportation Uniform Mitigation Fee (TUMF) Fund (\$6,696,092):** The negative balance reflects a timing difference between capital project expenditures and project funding revenue receipts.
5. **Debt Service Fund – General (\$13,276,028):** This negative balance is fully offset by pending cash transfers due from various funds related to their share of the Pension Obligation Bond (POB) and other debt service payments.

Quarterly Debt Report

The Finance Department is responsible for managing the City's debt portfolio, including issuing new debt and monitoring opportunities to refinance existing debt obligations. The Quarterly Debt Report (Attachment 2) summarizes the composition of the City's debt portfolio, details the revenue sources utilized to pay the debt service associated with each outstanding obligation, and presents the total principal and interest payments made in the third quarter of Fiscal Year (FY) 2024/25 by debt classification and fund.

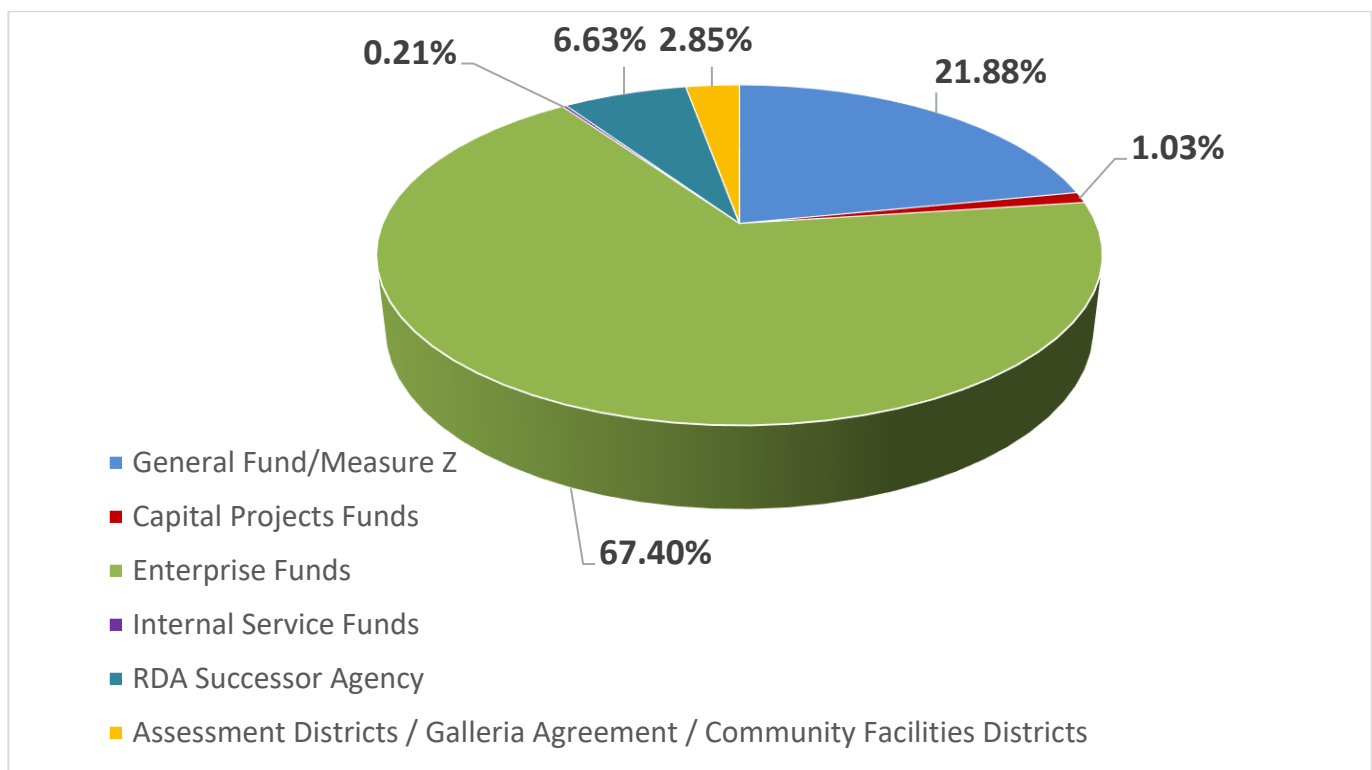
Debt Summary Analysis

The City's outstanding principal varies as a result of debt service payments, bond calls, new debt issuances, and refunding and defeasance activity. At the end of the third quarter of FY 2024/25, the City's outstanding principal balance decreased \$3,192,645 from the end of the first quarter of FY 2024/25.

Additionally, debt service principal payments were made on the following bonds:

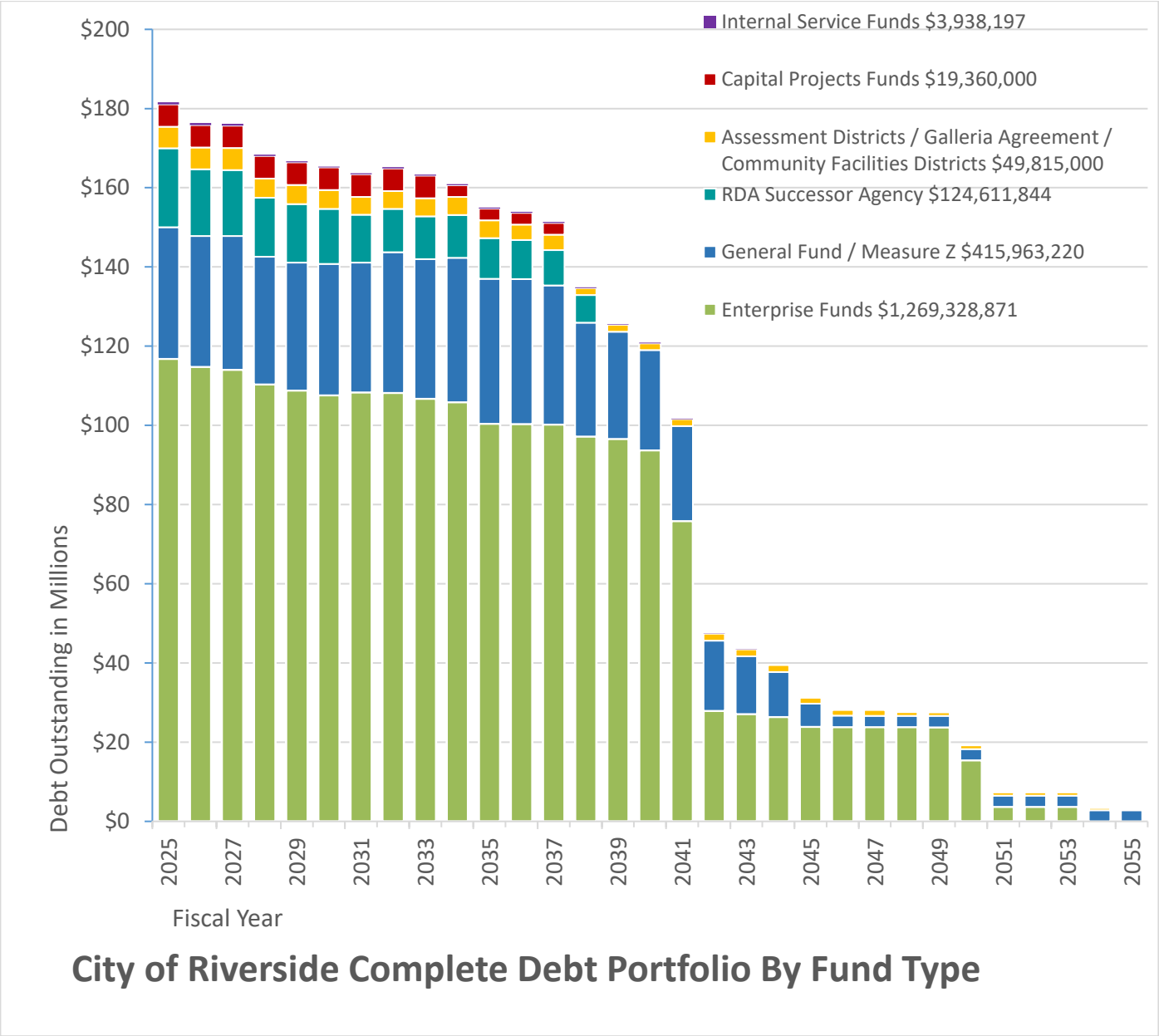
- Capital Equipment Leases (Hardware, Software, Water and Refuse Vehicles)
- Convention Center Expansion Loan
- Certificates of Participation (Renaissance Projects)

The following chart illustrates the composition of the City's debt portfolio at the end of the third quarter. The majority of the City's debt is held by Enterprise funds, primarily issued to finance capital projects, with repayment offset by the revenues generated by the newly financed facilities. The General Fund and Measure Z carry the next largest percentage of debt, providing financing for projects and equipment related to public safety, downtown revitalization, and public facility and infrastructure improvements. Debt service for the City's Pension Obligation Bonds is allocated multiple funds, aligning payments with departmental staffing costs.



For the purposes of this report, the Sewer, Water, Electric, Refuse, Special Transit, Entertainment, Convention Center, and Parking funds are consolidated under the classification of Enterprise Funds. Measure Z and the General Fund are grouped together. Measure A is classified under Capital Projects Funds. While the Assessment Districts, Galleria Agreement, and Community Facilities Districts are part of the City debt portfolio, they are not classified as City obligations. They are offset by individual Assessment and Community Facilities Districts which are separate legal entities from the City, formed to issue debt and levy assessments and/or special tax to finance improvements related to development in those districts.

The following chart displays the City’s debt service obligations at the beginning of FY 2024/25 using the same classification methodology, depicting annual aggregate principal and interest payments on all City debt by fund. As illustrated, the City maintains a stable debt service curve resulting in steadily decreasing annual payments and minimizing large upward spikes that could negatively affect the City’s ability to meet debt service obligations in any given fiscal year.



Debt Related Activities in the Third Quarter

Finance staff regularly monitors the market to identify opportunities for maximizing debt service savings through refunding and issuing debt when rates are most favorable. During the third quarter staff continued work on the Financing for the Museum Reconstruction project which closed on May 8th, 2025.

Other debt related activities conducted in the third quarter include:

1. Finalized the Financing of CFD 2021-2 Riverpointe/Park Place bond issuance.
2. Advanced financing for the Museum Reconstruction Project and Soroptimist Stones projects, construction scheduled to begin June 2025.
3. Advanced the Sewer Refinancing Initiative for the 2015 Sewer Revenue Bonds tentative closing scheduled for later this calendar year.
4. Initiated the renewal process for Riverside Public Utilities' Revolving Lines of Credit (RLOC) to support liquidity, align with fiscal policy, and preserve strong credit ratings. The RLOC closed June 2, 2025.
5. Initiated the renewal process for Riverside Public Utilities' Letter of Credit in connection with the 2011 RPU variable Water Revenue Bonds
6. Held TEFRA public hearings for the following projects:
 - Brandon Place Project; approving \$40 million in conduit financing through CSCDA for affordable housing.
 - Mulberry Gardens Project; approving \$65 million in conduit financing through CMFA for affordable housing.
 - BPU Clubhouse Projects and refinancing; approving \$100 million in conduit financing through CMFA for BPU Projects
7. Adopted resolutions initiating the annual levies for the Landscape Maintenance and Citywide Street and Lighting Districts.
8. Filed the FY 24/25 Q1 Cash, Investments and Debt Report
9. Began working on creating a report template for Assembly Bill 2854 in relation to the City's Tax Revenue Sharing Agreements and the reporting requirement filing and posting deadline of April 30, 2025.
10. Submitted all annual continuing disclosure reports in compliance with SEC Rule 15c2-12, reinforcing the City's commitment to market transparency. Reports are posted to the City's Investor Relations page and filed with the Electronic Municipal Market Access (EMMA) system, maintained by the Municipal Securities Rulemaking Board (MSRB).
11. Filed all the California Debt Investment Advisory Committee (CDIAC) reports to the State's Debt Issuance Data Portal, ensuring full compliance with State Bill 1029 which requires Issuers to accurately track and report outstanding debt and bond expenditures.
12. Launched a new investor relations page to enhance transparency and provide consistent, accessible communication with the investor community.

STRATEGIC PLAN ALIGNMENT:

This item contributes to Strategic Priority No. 5 High Performing Government Goal No. 5.3 – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.

This item aligns with each of the five Cross-Cutting Threads as follows:

- 1. **Community Trust** – The Quarterly Report enhances financial transparency and demonstrates compliance with City Debt and Investment Policies.
- 2. **Equity** – The debt and investment portfolios detailed in this report are used to share and offset the long-term cost of growth, development, and expansion among Riverside businesses and residents.
- 3. **Fiscal Responsibility** – The Quarterly Report demonstrates fiscal responsibility and accountability in the management of the City’s debt and investment portfolios.
- 4. **Innovation** – Innovative stewardship of investments and municipal debt is an effective way to track, fund, and finance repairs and improvements while ensuring sufficient cash to meet obligations.
- 5. **Sustainability & Resiliency** – Quarterly accounting and reporting helps to ensure City funds are used in a sustainable way without compromising future needs.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report.

Prepared by:	Meline Carranza, Debt and Treasury Manager
Approved by:	Sergio Aguilar, Deputy Finance Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

- 1. Cash and Investment Report – Q3
- 2. Quarterly Debt Report – Q3