



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA HACN Regular Special

Meeting Date: March 24, 2026

Title: February 2026 Treasurer's Report

Background: Pursuant to California Government Code Section 53607, the City Treasurer is required to make a monthly report of the investment portfolio to the legislative body.

Attached is the February 2026 Treasurer's Report that contains information on the cash and investments held in the portfolio by the City of Needles, Needles Public Utility Authority, and Housing Authority of the City of Needles. In January, no additional investments were made into LAIF. At month-end, the combined LAIF balance for the City, NPUA and Housing Authority remained at \$22,145,828. The most recent LAIF rate for the month end of February 2026 was 3.871 percent.

Major factor affecting the LAIF interest rate, Federal Open Market Committee (the "Fed") lowers or increases the Fed Funds rate to keep the national economy in balance, a corresponding change is reflected in the LAIF rate (and overall market rates), but usually with a smaller impact due to holdings in the LAIF portfolio that were previously invested in market securities when market conditions were different. At its January Federal Open Market Committee meeting, the Board maintained the Fed Funds Rate with no change at a range of 3.50-3.75 percent. The Fed is in a difficult position of balancing inflation, which is still above the target inflation rate of 2 percent, and lowering interest rates any further to spur the labor market, which could cause inflation to spike. In a related action, the Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 3.75 percent.

The Treasurer's Report shows the cash held by fiscal agents related to the All-American Canal Trust Fund and the NPUA 2016 Refunding Revenue Bonds. The All-American Canal Trust Fund was created by the US Bureau of Reclamation, the City of Needles and the Metropolitan Water District (MWD) for the maintenance, capital and operation of the All-American Canal. In exchange, Needles received a local water allotment from the Colorado River since it has no formal water rights. The canal is owned by the US Bureau of Reclamation and operated and maintained by NPUA. The trust funds, managed by the NPUA in its fiduciary capacity, are held at Zions Bank as the third-party trustee, for canal capital and maintenance. The market value of the funds held at Zion Bank on February 28 was \$12,281,312.

US Bank acts as the trustee for the NPUA 2016 Revenue Refunding Bonds. The balances in the accounts at US Bank are usually small, unless funds have been sent to cover upcoming bond payments. These various bond accounts are used simply to receive scheduled bond payments from the NPUA, and then the payments to bondholders are initiated by US Bank; the NPUA does not repay bondholders directly. The total residual cash held by US Bank was slightly up this month at \$190, the next semi-annual debt service payments are not due again until August 2026.

The City's investment portfolio conforms to the City's Investment Policy in all respects. The City Treasurer certifies that the City has sufficient funds to meet its expenditure obligations during the next six months.

Fiscal Impact: LAIF interest is paid quarterly. Interest on LAIF balances for the month of February was \$70,460, compared to \$73,208 accrued in January. Interest earned on the balance in the Arrowhead Credit Union money market account, which holds a portion of the City's Vehicle Replacement Funds, was \$26.

Environmental Impact: N/A

Recommendation: Accept and file the February 2026 Treasurer's Report.

Submitted By: Mark C. DeMay, CGFM, Director of Finance

City Manager Approval: Patrick J. Martinez

Date: 3/20/26

Other Department Approval (when required): _____

Date: _____