



City Council Staff Report

DATE: July 7, 2010 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
May 31, 2010
FROM: Geoffrey S. Kiehl, Director of Finance and Treasurer
BY: Department of Finance and Treasury

SUMMARY

Attached is the Treasurer's Investment Report as of May 31, 2010. The report includes the face value and coupon rate (if applicable) of the investments and the source for the market value estimate. The City's total invested cash is \$101,285,677 plus \$22,908,408 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$101,804,437.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of May 31, 2010.

STAFF ANALYSIS:

The attached report includes the face value and coupon rate (if applicable) of the investments and the source for the market value estimate. Also included is information on the investments of bond issue reserve, debt service and related funds.

The investments, in type, maturity and as a percentage of the total portfolio, are in compliance with the existing City Council-approved investment policy with one exception: the FICO notes (\$500,000, 4/16/18, 9.8%) exceed the 5 year limitation on maturities (Detail of Investments, Long Term Investments, U.S. Govt. Agency Securities). The investment in question was purchased prior to the adoption of the 5-year limitation. Since it appears to represent no additional risk either because of credit-worthiness or liquidity, earlier councils decided to allow it to be retained in the investment pool because the yield is higher than attainable

City Council Staff Report

July 7, 2010 – Page 2

Treasurer's Investment Report as of May 31, 2010

under current market conditions. We recommend that this exception to the policy be continued.

The weighted average maturity (WAM) of the portfolio is 276 days. The maximum WAM allowed by the Investment Policy is 1095 days. The current portfolio and expected revenue cash flow will be sufficient to meet budgeted expenditure requirements for the next six months and the foreseeable future thereafter.

FISCAL IMPACT:

None



Geoffrey S. Kiehl, Director of Finance and Treasurer

Attachments: Treasurer's Investment Report

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**CITY OF PALM SPRINGS
TREASURER'S MONTHLY REPORT
SUMMARY OF INVESTMENTS
MAY 31, 2010**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 2,394,822		
State Pool	<u>70,700,000</u>	\$ 73,094,822	72.17%
Short Term Investments (1 year or less)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	966,831		
Time Deposits	<u>940,000</u>	4,692,261	4.63%
Medium Term Investments (1 year to 3 years)			
U.S. Gov't Agencies	<u>10,000,000</u>	10,000,000	9.87%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>13,498,594</u>	<u>13,498,594</u>	<u>13.33%</u>
		\$ <u><u>101,285,677</u></u>	<u>100.00%</u>

*Some investments made prior to the implementation of the current Investment Policy exceed the 5 year limit.

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TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
MAY 31, 2010

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
On Call Deposits										
Checking - Bank of America	\$ N/A	variable	AAA	open	0.15%	\$ 2,394,822		\$ 2,394,822		\$ 2,588,053
Local Agency Invest Fund (LAIF)*	70,700,000	variable	N/A	open	0.56%	<u>70,700,000</u>	73,094,822	70,783,645	LAIF	56,753,742
Short Term Investments (1 year or less)										
Corporate Notes										
Wells Fargo & Company	800,000	3.98%	AA-	10/29/10	4.20%	795,160		808,712	Bank of NY Mellon	815,072
SBC Communications, Inc.	1,000,000	5.30%	A	11/15/10	5.17%	1,004,150		1,019,430	Bank of NY Mellon	1,028,810
Goldman Sachs Group, Inc.	1,000,000	5.00%	A	01/15/11	5.37%	<u>986,120</u>	2,785,430	1,017,220	Bank of NY Mellon	1,032,350
Mortgage Pass-Thrus										
Federal Home Loan Mortgage Corporation	2,280,000	4.50%	N/A	05/01/10	5.29%	0		0	Bank of NY Mellon	217,295
Federal Home Loan Mortgage Corporation	1,370,000	5.00%	N/A	09/01/10	5.35%	132,266		138,101	Bank of NY Mellon	145,708
Federal National Mortgage Association	500,000	4.00%	N/A	10/01/10	4.95%	78,604		84,473	Bank of NY Mellon	97,478
Federal Home Loan Bank	775,000	4.75%	N/A	10/25/10	4.88%	349,346		359,141	Bank of NY Mellon	373,187
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	191,272		205,823	Bank of NY Mellon	219,608
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	165,413		181,892	Bank of NY Mellon	205,048
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	<u>49,931</u>	966,831	53,020	Bank of NY Mellon	58,261
Time Deposits										
CD Account Registry Service (CDARS)	940,000	1.60%	AAA	07/15/10	1.61%	<u>940,000</u>	940,000	940,000	Palm Desert Nat. Bank	940,000

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TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
MAY 31, 2010

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
Medium Term Investments (1 year to 3 years)										
U.S. Gov't Agency Securities										
Federal Home Loan Bank	1,000,000	4.10%	N/A	06/24/11	4.10%	1,000,000		1,002,188	Bank of NY Mellon	1,008,438
Federal Home Loan Bank	1,000,000	4.13%	N/A	06/24/11	4.13%	1,000,000		1,002,188	Bank of NY Mellon	1,008,750
Federal Home Loan Bank	1,000,000	3.25%	N/A	11/28/11	3.25%	0		0	Bank of NY Mellon	1,003,750
Federal Home Loan Mortgage Corporation	1,000,000	4.02%	N/A	06/25/12	4.02%	1,000,000		1,002,290	Bank of NY Mellon	1,008,060
Federal Home Loan Bank	2,000,000	1.75%	N/A	10/29/12	1.75%	2,000,000		2,009,375	Bank of NY Mellon	2,006,250
Federal Home Loan Bank	1,000,000	2.30%	N/A	12/24/12	2.30%	1,000,000		1,001,250	Bank of NY Mellon	1,004,063
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	12/28/12	2.50%	1,000,000		1,018,540	Bank of NY Mellon	1,016,970
Federal Home Loan Bank	2,000,000	2.00%	N/A	01/14/13	2.00%	2,000,000		2,014,375	Bank of NY Mellon	2,001,250
Federal Home Loan Mortgage Corporation	1,000,000	2.25%	N/A	01/30/13	2.25%	1,000,000		1,002,350	Bank of NY Mellon	1,003,630
Federal Farm Credit Bank	2,000,000	2.00%	N/A	03/22/13	2.10%	0		0	Bank of NY Mellon	1,996,875
							10,000,000			
Long Term Investment (3 years to 5 years)										
U.S. Gov't Agency Securities										
Federal Home Loan Bank	2,000,000	2.00%	N/A	06/24/13	2.00%	2,000,000		2,009,375	Bank of NY Mellon	2,000,625
Federal Home Loan Bank	1,000,000	2.85%	N/A	08/19/13	2.85%	1,000,000		1,005,313	Bank of NY Mellon	1,009,688
Federal Home Loan Mortgage Corporation	2,000,000	2.00%	N/A	09/11/13	2.00%	2,000,000		2,000,960	Bank of NY Mellon	1,997,980
Federal Home Loan Bank	2,000,000	2.08%	N/A	12/23/13	2.08%	2,000,000		2,014,375	Bank of NY Mellon	1,986,875
Federal Home Loan Bank	2,000,000	2.35%	N/A	03/17/14	2.35%	2,000,000		2,017,500	Bank of NY Mellon	1,986,875
Federal National Mortgage Association	1,000,000	3.50%	N/A	08/25/14	3.50%	1,000,000		1,006,875	Bank of NY Mellon	1,010,000
Federal Home Loan Mortgage Corporation	1,000,000	3.00%	N/A	11/05/14	3.00%	1,000,000		1,011,050	Bank of NY Mellon	1,004,420
Federal National Mortgage Association	1,000,000	3.25%	N/A	11/12/14	3.25%	0		0	Bank of NY Mellon	1,003,125
Federal Farm Credit Bank	2,000,000	2.75%	N/A	12/11/14	2.75%	2,000,000		2,001,250	Bank of NY Mellon	1,986,875
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594		698,906	NationsBank	671,406
							13,498,594			
Total Invested Cash							\$ 101,285,677	\$ 101,804,437		\$ 92,190,515

*Includes the following deposits of non-City funds:

	Principal	Interest	Total
SMG (Convention Center)	100,000	95,606	195,606
Palm Springs Historical Society	250,000	52,424	302,424



TREASURER'S MONTHLY REPORT
 BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
 MAY 31, 2010

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
1991/97/01/04 Convention Center										
Invesco Government & Agency Private	839	variable	AAA	open	0.01%	839		839	Bank of NY Mellon	1,847
Federal Home Loan Mortgage Corporation	5,465,000	4.13%	N/A	9/27/13	1.93%	<u>5,867,848</u>		5,907,323	Bank of NY Mellon	5,847,550
							5,868,687			
1992/06 Airport										
Invesco Government & Agency Private	717,692	variable	AAA	open	0.01%	717,692		717,692	Bank of NY Mellon	562,149
U.S. Treasury Note	855,000	1.38%	N/A	3/15/13	1.55%	<u>850,692</u>		859,542	Bank of NY Mellon	849,990
							1,568,383			
1991/01 Series B - Housing										
Invesco Government & Agency Private	14,909	variable	AAA	open	0.01%	14,909		14,909	Bank of NY Mellon	9,586
Federal Home Loan Bank	420,000	4.63%	N/A	10/10/12	1.38%	<u>453,705</u>		453,994	Bank of NY Mellon	452,813
							468,614			
1994/04 Series A & B										
Invesco Government & Agency Private	114,704	variable	AAA	open	0.01%	114,704		114,704	Bank of NY Mellon	114,668
Federal Home Loan Mortgage Corporation	965,000	4.13%	N/A	9/27/13	1.93%	1,036,134		1,043,105	Bank of NY Mellon	1,032,550
Federal Home Loan Mortgage Corporation	571,000	4.13%	N/A	9/27/13	1.93%	<u>613,091</u>		617,215	Bank of NY Mellon	610,970
							1,763,929			
1998/08 Airport PFC										
Invesco Government & Agency Private	868,951	variable	AAA	open	0.01%	868,951		868,951	Bank of NY Mellon	522,450
U.S. Treasury Note	918,000	1.38%	N/A	3/15/13	1.55%	<u>913,374</u>		922,877	Bank of NY Mellon	912,621
							1,782,326			
1998 Assessment District 155 A&B										
Invesco Government & Agency Private	147,290	variable	AAA	open	0.02%	<u>147,290</u>		147,290	Bank of NY Mellon	147,285
							147,290			
2001 Assessment District 157/158										
Invesco Government & Agency Private	187,081	variable	AAA	open	0.02%	<u>187,081</u>		187,081	Bank of NY Mellon	187,075
							187,081			
2002 Parking Structure										
Cash	3					3		3	Bank of NY Mellon	0
Invesco Government & Agency Private	3,760	variable	AAA	open	0.02%	<u>3,760</u>		3,760	Bank of NY Mellon	4,021
							3,763			

TREASURER'S MONTHLY REPORT
 BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
 MAY 31, 2010

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
2004 Assessment District 161										
Invesco Government & Agency Private	83,392	variable	AAA	open	0.01%	83,392		83,392	Bank of NY Mellon	412,621
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	115,105		115,698	Bank of NY Mellon	0
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	<u>211,607</u>		213,223	Bank of NY Mellon	0
							410,104			
2004 Assessment District 162										
Invesco Government & Agency Private	66,894	variable	AAA	open	0.01%	66,894		66,894	Bank of NY Mellon	161,056
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	<u>93,846</u>		94,129	Bank of NY Mellon	0
							160,740			
2005 Assessment District 164										
Invesco Government & Agency Private	95,412	variable	AAA	open	0.02%	95,412		95,412	Bank of NY Mellon	367,167
Citizens Bank, Flint, Michigan	245,000	1.85%	N/A	3/4/13	1.80%	245,347		245,000	Bank of NY Mellon	0
Capital One Bank USA National Association	25,000	4.15%	N/A	3/5/13	1.80%	<u>26,661</u>		26,741	Bank of NY Mellon	0
							367,420			
2007 Merged Project #1 & #2										
Invesco Government & Agency Private	7,266,456	variable	AAA	open	0.02%	<u>7,266,456</u>		7,266,456	Bank of NY Mellon	7,306,545
							7,266,456			
2007 Refunding Lease Revenue Bonds										
Invesco Government & Agency Private	9	variable	AAA	open	0.01%	<u>9</u>		9	Bank of NY Mellon	1,358,053
							9			
2008 Airport PFC Refunding										
Invesco Government & Agency Private	416	variable	AAA	open	0.01%	416		416	Bank of NY Mellon	416
Federal Home Loan Mortgage Corporation	603,000	4.13%	N/A	9/27/13	1.93%	<u>647,450</u>		651,805	Bank of NY Mellon	645,210
							647,866			
ERICA Radio System Lease										
Financial Square Federal Fund Service	170,196	variable	AAA	open	0.01%	<u>170,196</u>		170,196	Deutsche Bank	170,193
							170,196			
Funds With Century Golf										
	2,095,545					<u>2,095,545</u>		2,095,545	Century Golf	1,317,376
							<u>2,095,545</u>			
Totals							\$ <u>22,908,408</u>	\$ <u>22,984,201</u>		\$ <u>22,994,214</u>

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TREASURER'S MONTHLY REPORT
CALCULATION OF INVESTMENT LIMITATIONS
MAY 31, 2010

<u>By Maturity:</u>	Allowable Percentages		<u>Current Mo.</u>
	<u>Minimum</u>	<u>Maximum</u>	
1 day to 365 days	\$8,000,000	N/A	\$77,787,083
1 year to 3 years	0.00%	50.00%	9.87%
3 years to 5 years	0.00%	30.00%	12.84%
over 5 years	N/A	N/A	0.49%
 <u>By Type of Investment:</u>			
Bankers Acceptance - in total	N/A	40.00%	0.00%
Bankers Acceptance - single bank	N/A	20.00%	0.00%
Commercial Paper	N/A	15.00%	0.00%
Certificates of Deposit	N/A	30.00%	0.93%
Corporate Notes	N/A	20.00%	2.75%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thrus	N/A	10.00%	0.95%
U.S. Government Agencies	N/A	50.00%	23.20%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%