



City Council Staff Report

DATE: January 19, 2011 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
NOVEMBER 30, 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 November 30, 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 \$76,463,272 plus \$20,259,476 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$76,782,443.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of November 30, 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

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

The weighted average maturity (WAM) of the portfolio is 670 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
NOVEMBER 30, 2010

<u>On Call Deposits</u>	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 1,990,506		
State Pool	<u>39,700,000</u>	\$ 41,690,506	54.52%
<u>Short Term Investments (1 year or less)</u>			
Corporate Notes	986,120		
Mortgage Pass-Thrus	<u>290,551</u>	1,276,671	1.67%
<u>Medium Term Investments (1 year to 3 years)</u>			
U.S. Gov't Agencies	<u>4,000,000</u>	4,000,000	5.23%
<u>Long Term Investments (3 years to 5 years)</u>			
U.S. Gov't Agencies	<u>29,496,094</u>	<u>29,496,094</u>	<u>38.58%</u>
		\$ <u>76,463,272</u>	<u>100.00%</u>

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

**TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
NOVEMBER 30, 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
On Call Deposits										
Checking - Bank of America	N/A	variable	AAA	open	0.15%	\$ 1,990,506		\$ 1,990,506	L AIF	\$ 1,045,640
Local Agency Invest Fund (L AIF)*	39,700,000	variable	N/A	open	0.45%	39,700,000	41,690,505	39,776,020		52,285,805
Short Term Investments (1 year or less)										
Corporate Notes										
Wells Fargo & Company	800,000	3.98%	AA-	10/29/10	4.20%	0		0	Bank of NY Mellon	801,968
SBC Communications, Inc.	1,000,000	5.30%	A	11/15/10	5.17%	0		0	Bank of NY Mellon	1,005,260
Goldman Sachs Group, Inc.	1,000,000	5.00%	A	01/15/11	5.37%	986,120	986,120	1,004,920	Bank of NY Mellon	1,011,800
Mortgage Pass-Thrus										
Federal National Mortgage Association	500,000	4.00%	N/A	10/01/10	4.95%	0		0	Bank of NY Mellon	2,747
Federal Home Loan Bank	775,000	4.75%	N/A	10/25/10	4.88%	0		0	Bank of NY Mellon	317,615
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	139,259		152,402	Bank of NY Mellon	172,920
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	115,915		130,923	Bank of NY Mellon	142,616
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	35,378	290,551	38,345	Bank of NY Mellon	42,123
Medium Term Investments (1 year to 3 years)										
U.S. Gov't Agency Securities										
Federal Home Loan Bank	2,000,000	1.75%	N/A	10/29/12	1.75%	0		0	Bank of NY Mellon	2,001,875
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	12/28/12	2.50%	1,000,000		1,011,780	Bank of NY Mellon	1,015,070
Federal Farm Credit Bank	2,000,000	2.00%	N/A	01/14/13	2.00%	2,000,000		2,003,125	Bank of NY Mellon	2,007,500
Federal Home Loan Mortgage Corporation	1,000,000	1.10%	N/A	01/22/13	1.10%	1,000,000	4,000,000	1,003,370	Bank of NY Mellon	1,004,070

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TREASURER'S MONTHLY REPORT
 DETAIL OF INVESTMENTS
 NOVEMBER 30, 2010

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
U.S. Gov't Agency Securities										
Federal Home Loan Bank	2,000,000	2.08%	N/A	12/23/13	2.08%	2,000,000		2,001,875	Bank of NY Mellon	2,008,125
Federal Home Loan Mortgage Corporation	1,000,000	1.63%	N/A	01/21/14	1.63%	1,000,000		1,007,220	Bank of NY Mellon	1,008,580
Federal National Mortgage Association	1,000,000	1.60%	N/A	01/29/14	1.60%	1,000,000		1,006,875	Bank of NY Mellon	1,008,438
Federal Home Loan Bank	2,000,000	2.35%	N/A	03/17/14	2.35%	2,000,000		2,011,250	Bank of NY Mellon	2,017,500
Federal Farm Credit Bank	1,000,000	1.77%	N/A	07/08/14	1.77%	1,000,000		1,006,875	Bank of NY Mellon	1,007,500
Federal National Mortgage Association	1,000,000	2.00%	N/A	07/22/14	2.00%	0		0	Bank of NY Mellon	1,000,938
Federal Home Loan Mortgage Corporation	1,000,000	3.09%	N/A	11/05/14	3.00%	0		0	Bank of NY Mellon	1,002,570
Federal Farm Credit Bank	1,000,000	1.25%	N/A	11/17/14	1.25%	1,000,000		992,500	Bank of NY Mellon	0
Federal National Mortgage Association	1,000,000	2.05%	N/A	01/13/15	2.05%	1,000,000		1,010,938	Bank of NY Mellon	1,012,188
Federal Home Loan Mortgage Corporation	1,000,000	2.38%	N/A	07/20/15	2.38%	1,000,000		1,002,560	Bank of NY Mellon	1,005,200
Federal Home Loan Bank	1,000,000	2.35%	N/A	07/21/15	2.35%	1,000,000		1,002,813	Bank of NY Mellon	1,005,313
Federal National Mortgage Association	1,000,000	2.25%	N/A	07/22/15	2.30%	997,500		1,006,563	Bank of NY Mellon	1,007,500
Federal Farm Credit Bank	1,000,000	1.88%	N/A	08/17/15	1.88%	1,000,000		1,000,625	Bank of NY Mellon	1,005,625
Federal Home Loan Mortgage Corporation	1,000,000	2.00%	N/A	08/25/15	2.00%	1,000,000		1,002,188	Bank of NY Mellon	1,003,750
Federal Farm Credit Bank	2,000,000	1.99%	N/A	09/30/15	1.99%	2,000,000		2,005,000	Bank of NY Mellon	2,008,125
Federal National Mortgage Association	2,000,000	2.00%	N/A	09/30/15	2.00%	2,000,000		1,998,125	Bank of NY Mellon	1,998,750
Federal Farm Credit Bank	2,000,000	2.00%	N/A	10/05/15	2.00%	2,000,000		1,986,875	Bank of NY Mellon	0
Federal Farm Credit Bank	2,000,000	1.62%	N/A	11/16/15	1.62%	2,000,000		1,988,125	Bank of NY Mellon	0
Federal National Mortgage Association	1,000,000	1.50%	N/A	11/23/15	1.50%	1,000,000		984,688	Bank of NY Mellon	0
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/15	1.50%	2,000,000		1,973,750	Bank of NY Mellon	0
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/15	1.50%	2,000,000		1,973,750	Bank of NY Mellon	0
Federal National Mortgage Association	2,000,000	1.45%	N/A	11/30/15	1.45%	2,000,000		1,970,000	Bank of NY Mellon	0
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	29,496,094	738,460	Bank of America	750,734
							Total Invested Cash	\$ 76,782,443		\$ 82,707,844

*Includes the following deposits of non-city funds:

	Principal	Interest	Total
SMG (Convention Center)	100,000	96,098	196,098
Palm Springs Historical Society	250,000	53,184	303,184

TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
NOVEMBER 30, 2010

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 76,463,272					\$ 76,463,272	\$ 76,463,272
Miscellaneous Accounts							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	20,000	N/A	N/A	open	none	20,000	
Trust & Agency - Bank of America	1,488,973	N/A	N/A	open	none	1,488,973	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,710	0.15%	N/A	open	0.15%	33,710	
Workers Compensation - Bank of America	19,050	N/A	N/A	open	none	19,050	
General Liability - Bank of America	30,000	N/A	N/A	open	none	30,000	
1930's General Store Museum - Bank of America	2,011	N/A	N/A	open	none	2,011	1,597,643
Deposits Held in Trust							
Time Deposits (FDIC Insured)							
BBVA Compass (Coyote Springs Apt)	20,777	1.09%	N/A	6/24/11	1.09%	20,777	20,777
Total Cash Deposited							\$ 78,081,692

**TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
NOVEMBER 30, 2010**

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(income only) Market Value	Source	Prior Qtr. Market Value
1991/07/01/04 Convention Center										
Invesco Government & Agency Private	6,420	variable	AAA	open	0.02%	6,420		6,420	Bank of NY Mellon	113,557
Federal Home Loan Mortgage Corporation	5,465,000	4.13%	N/A	9/27/13	1.93%	<u>5,867,848</u>	5,874,268	5,967,097	Bank of NY Mellon	5,994,422
1991/01 Series B - Housing										
Invesco Government & Agency Private	24,624	variable	AAA	open	0.01%	24,624		24,624	Bank of NY Mellon	14,910
Federal Home Loan Bank	420,000	4.63%	N/A	10/10/12	1.38%	<u>453,705</u>	478,329	451,763	Bank of NY Mellon	454,781
1994/04 Series A & B										
Invesco Government & Agency Private	32,361	variable	AAA	open	0.02%	32,361		32,361	Bank of NY Mellon	32,360
Federal Home Loan Mortgage Corporation	965,000	4.13%	N/A	9/27/13	1.93%	1,036,134		1,053,659	Bank of NY Mellon	1,058,484
Federal Home Loan Mortgage Corporation	571,000	4.13%	N/A	9/27/13	1.93%	<u>613,091</u>	1,681,586	623,461	Bank of NY Mellon	626,316
1998 Airport PFC										
Invesco Government & Agency Private	530,273	variable	AAA	open	0.02%	530,273		530,273	Bank of NY Mellon	388,794
U.S. Treasury Note	918,000	1.38%	N/A	3/15/13	1.55%	<u>913,374</u>	1,443,647	935,424	Bank of NY Mellon	936,865
1998 Assessment District 155 A&B										
Invesco Government & Agency Private	147,305	variable	AAA	open	0.02%	<u>147,305</u>	147,305	147,305	Bank of NY Mellon	147,300
2001 Assessment District 157/158										
Invesco Government & Agency Private	176,393	variable	AAA	open	0.02%	<u>176,393</u>	176,393	176,393	Bank of NY Mellon	176,368
2002 Parking Structure										
Cash	3					3		3	Bank of NY Mellon	3
Invesco Government & Agency Private	3,231	variable	AAA	open	0.01%	<u>3,231</u>	3,234	3,231	Bank of NY Mellon	3,680

**TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
NOVEMBER 30, 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	62,626	variable	AAA	open	0.02%	62,626		62,626	Bank of NY Mellon	62,623
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	115,105		115,867	Bank of NY Mellon	116,740
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	211,607	389,338	215,035	Bank of NY Mellon	216,273
2004 Assessment District 162										
Invesco Government & Agency Private	64,578	variable	AAA	open	0.01%	64,578		64,578	Bank of NY Mellon	64,577
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	93,846	158,424	94,608	Bank of NY Mellon	95,301
2005 Assessment District 164										
Invesco Government & Agency Private	93,675	variable	AAA	open	0.01%	93,675		93,675	Bank of NY Mellon	92,916
Citizens Bank, Flint, Michigan	245,000	1.85%	N/A	3/4/13	1.80%	245,347		245,000	Bank of NY Mellon	245,000
Capital One Bank USA National Association	25,000	4.15%	N/A	3/5/13	1.80%	26,661	365,683	26,877	Bank of NY Mellon	27,074
2006 Airport PFC										
Invesco Government & Agency Private	807,221	variable	AAA	open	0.02%	807,221		807,221	Bank of NY Mellon	547,245
U.S. Treasury Note	855,000	1.38%	N/A	3/15/13	1.55%	850,692	1,657,912	871,228	Bank of NY Mellon	872,570
2007 Merged Project #1 & #2										
Invesco Government & Agency Private	5,987,831	variable	AAA	open	0.02%	5,987,831	5,987,831	5,987,831	Bank of NY Mellon	6,841,729
2007 Refunding Lease Revenue Bonds										
Invesco Government & Agency Private	1	variable	AAA	open	0.01%	1	1	1	Bank of NY Mellon	378,850
2008 Airport PFC Refunding										
Invesco Government & Agency Private	12,853	variable	AAA	open	0.01%	12,853		12,853	Bank of NY Mellon	12,854
Federal Home Loan Mortgage Corporation	603,000	4.13%	N/A	9/27/13	1.93%	647,450	660,303	658,401	Bank of NY Mellon	661,416
Funds With Century Golf	1,235,222					1,235,222	1,235,222	1,235,222	Century Golf	1,355,563
Totals							\$ 20,259,476	\$ 20,443,036		\$ 21,538,591

TREASURER'S MONTHLY REPORT
 CALCULATION OF INVESTMENT LIMITATIONS
 NOVEMBER 30, 2010

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	Allowable Percentages		
	Minimum	Maximum	Current Mo.
By Maturity:			
1 day to 365 days	\$8,000,000	N/A	\$42,967,178
1 year to 3 years	0.00%	50.00%	5.23%
3 years to 5 years	0.00%	30.00%	37.92%
over 5 years	N/A	N/A	0.66%
By Type of Investment:			
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%	0.00%
Corporate Notes	N/A	20.00%	1.29%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thrus	N/A	10.00%	0.38%
U.S. Government Agencies	N/A	50.00%	43.80%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%