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# City Council Staff Report

DATE: May 4, 2011 CONSENT CALENDAR

SUBJECT: TREASURER'S INVESTMENT REPORT AS OF  
FEBRUARY 28, 2011

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 February 28, 2011. 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 \$86,601,953 plus \$18,442,651 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$86,272,816.

## RECOMMENDATION:

Receive and File Treasurer's Investment Report as of February 28, 2011.

## 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

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**CITY OF PALM SPRINGS  
TREASURER'S MONTHLY REPORT  
SUMMARY OF INVESTMENTS  
FEBRUARY 28, 2011**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 2,780,024		
State Pool	<u>49,200,000</u>	\$ 51,980,024	60.02%
Short Term Investments (1 year or less)			
Corporate Notes	0		
Mortgage Pass-Thrus	125,835		
U.S. Gov't Agencies	<u>29,997,500</u>	30,123,335	34.78%
Medium Term Investments (1 year to 3 years)			
U.S. Gov't Agencies	<u>4,000,000</u>	4,000,000	4.62%
Long Term Investments (3 year to 5 years)			
U.S. Gov't Agencies	<u>498,594</u>	<u>498,594</u>	0.58%
		 <u>\$ 86,601,953</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  
FEBRUARY 28, 2011**

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	Par Value	Coupon Rate	Rating	Maturity or Call Date	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
<b>On Call Deposits</b>										
Checking - Bank of America	\$ N/A	variable	AAA	open	0.15%	\$ 2,780,024		\$ 2,780,024		\$ 1,348,775
Local Agency Invest Fund (LAIF)*	49,200,000	variable	N/A	open	0.51%	49,200,000	51,980,024	49,271,897	LAIF	37,772,190
<b>Short Term Investments</b> (1 year or less)										
Corporate Notes										
Goldman Sachs Group, Inc.	1,000,000	5.00%	A	01/15/11	5.37%	0	0	0	Bank of NY Mellon	1,001,094
Mortgage Pass-Thrus										
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	0		0	Bank of NY Mellon	131,975
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	95,477		109,796	Bank of NY Mellon	124,912
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	30,358		33,158	Bank of NY Mellon	36,985
<b>U.S. Gov't Agency Securities</b>										
Federal Farm Credit Bank	2,000,000	2.00%	N/A	01/14/11	2.00%	0		0	Bank of NY Mellon	2,000,860
Federal Home Loan Bank	1,000,000	2.35%	N/A	03/01/11	2.35%	1,000,000		998,000	Bank of NY Mellon	1,000,100
Federal Home Loan Bank	1,000,000	1.75%	N/A	03/03/11	1.75%	1,000,000		973,980	Bank of NY Mellon	965,920
Federal Home Loan Bank	2,000,000	2.35%	N/A	03/17/11	2.35%	2,000,000		2,001,620	Bank of NY Mellon	2,007,960
Federal National Mortgage Association	2,000,000	2.00%	N/A	03/30/11	2.00%	2,000,000		1,970,480	Bank of NY Mellon	1,959,480
Federal Home Loan Bank	2,000,000	2.00%	N/A	04/05/11	2.00%	2,000,000		1,938,940	Bank of NY Mellon	1,939,360
Federal Home Loan Mortgage Corporation	1,000,000	2.38%	N/A	04/20/11	2.38%	1,000,000		1,000,460	Bank of NY Mellon	1,000,890
Federal Home Loan Mortgage Corporation	1,000,000	2.00%	N/A	05/25/11	2.00%	1,000,000		984,560	Bank of NY Mellon	985,810
Federal Home Loan Mortgage Corporation	1,000,000	1.57%	N/A	06/01/11	1.57%	1,000,000		969,030	Bank of NY Mellon	988,460
Federal Home Loan Bank	2,000,000	2.00%	N/A	06/03/11	2.00%	2,000,000		1,963,800	Bank of NY Mellon	1,960,938
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	06/28/11	2.50%	1,000,000		1,007,170	Bank of NY Mellon	1,010,250
Federal Farm Credit Bank	1,000,000	1.77%	N/A	07/08/11	1.77%	1,000,000		995,930	Bank of NY Mellon	1,002,080
							125,835			

TREASURER'S MONTHLY REPORT  
DETAIL OF INVESTMENTS  
FEBRUARY 28, 2011

	Par Value	Coupon Rate	Rating	Maturity or Call Date	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
Federal National Mortgage Association	1,000,000	2.05%	N/A	07/13/11	2.05%	1,000,000		998,790	Bank of NY Mellon	1,005,770
Federal Home Loan Mortgage Corporation	1,000,000	1.63%	N/A	07/21/11	1.63%	1,000,000		1,002,813	Bank of NY Mellon	1,005,220
Federal Home Loan Mortgage Corporation	1,000,000	1.10%	N/A	07/22/11	1.10%	1,000,000		1,002,650	Bank of NY Mellon	1,002,940
Federal National Mortgage Association	1,000,000	2.25%	N/A	07/22/11	2.30%	997,500		985,110	Bank of NY Mellon	992,370
Federal National Mortgage Association	1,000,000	1.60%	N/A	07/29/11	1.60%	1,000,000		1,002,090	Bank of NY Mellon	1,004,860
Federal Farm Credit Bank	1,000,000	1.88%	N/A	08/17/11	1.88%	1,000,000		980,080	Bank of NY Mellon	985,469
Federal Farm Credit Bank	2,000,000	1.99%	N/A	09/30/11	1.99%	2,000,000		1,962,840	Bank of NY Mellon	1,972,780
Federal Farm Credit Bank	2,000,000	1.62%	N/A	11/16/11	1.62%	2,000,000		1,940,938	Bank of NY Mellon	1,950,240
Federal Farm Credit Bank	1,000,000	1.25%	N/A	11/17/11	1.25%	1,000,000		980,220	Bank of NY Mellon	989,340
Federal National Mortgage Association	1,000,000	1.50%	N/A	11/23/11	1.50%	1,000,000		957,510	Bank of NY Mellon	962,900
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/11	1.50%	2,000,000		1,919,360	Bank of NY Mellon	1,930,313
Federal Farm Credit Bank	1,000,000	1.48%	N/A	02/14/12	1.48%	1,000,000	29,997,500	998,870	Bank of NY Mellon	0
<b>Medium Term Investments (1 year to 3 years)</b>										
U.S. Gov't Agency Securities										
Federal National Mortgage Association	2,000,000	1.45%	N/A	05/30/12	1.45%	2,000,000		1,915,660	Bank of NY Mellon	1,926,340
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/12	1.50%	2,000,000	4,000,000	1,919,360	Bank of NY Mellon	1,930,313
<b>Long Term Investment (3 years to 5 years)</b>										
U.S. Gov't Agency Securities										
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594		707,681	Bank of America	716,569
<b>Total Invested Cash</b>										
							\$ 86,601,953	\$ 86,272,816		\$ 75,612,560

\*Includes the following deposits of non-City funds:

	Principal	Interest	Total
SMG (Convention Center)	100,000	96,342	196,342
Palm Springs Historical Society	250,000	53,561	303,561

**TREASURER'S MONTHLY REPORT  
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS  
FEBRUARY 28, 2011**

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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
<b>1991/97/01/04 Convention Center</b>										
Invesco Government & Agency Private	6,420	variable	AAA	open	0.02%	6,420		6,420	Bank of NY Mellon	6,420
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	5,882,471	Bank of NY Mellon	5,922,038
<b>1991/01 Series B - Housing</b>										
Invesco Government & Agency Private	19,127	variable	AAA	open	0.02%	19,127		19,127	Bank of NY Mellon	24,624
Federal Home Loan Bank	420,000	4.63%	N/A	10/10/12	1.38%	<u>453,705</u>	472,832	447,245	Bank of NY Mellon	450,013
<b>1994/04 Series A &amp; B</b>										
Invesco Government & Agency Private	519,554	variable	AAA	open	0.02%	519,554		519,554	Bank of NY Mellon	32,362
Federal Home Loan Mortgage Corporation	965,000	4.13%	N/A	9/27/13	1.93%	1,036,134		1,038,716	Bank of NY Mellon	1,045,703
Federal Home Loan Mortgage Corporation	571,000	4.13%	N/A	9/27/13	1.93%	<u>613,091</u>	2,168,780	614,619	Bank of NY Mellon	618,753
<b>1998 Airport PFC</b>										
Invesco Government & Agency Private	147,192	variable	AAA	open	0.02%	147,192		147,192	Bank of NY Mellon	601,014
U.S. Treasury Note	918,000	1.38%	N/A	3/15/13	1.55%	<u>913,374</u>	1,060,567	930,411	Bank of NY Mellon	931,412
<b>1998 Assessment District 155 A&amp;B</b>										
Invesco Government & Agency Private	65	variable	AAA	open	0.02%	<u>65</u>	65	65	Bank of NY Mellon	147,307
<b>2001 Assessment District 157/158</b>										
Invesco Government & Agency Private	176,402	variable	AAA	open	0.02%	<u>176,402</u>	176,402	176,402	Bank of NY Mellon	176,396
<b>2002 Parking Structure</b>										
Cash	3					<u>3</u>	3	3	Bank of NY Mellon	3
Invesco Government & Agency Private	2,841	variable	AAA	open	0.02%	<u>2,841</u>	2,844	2,841	Bank of NY Mellon	15

**TREASURER'S MONTHLY REPORT**  
**BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS**  
**FEBRUARY 28, 2011**

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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
<b>2004 Assessment District 161</b>										
Invesco Government & Agency Private	168,600	variable	AAA	open	0.02%	168,600		168,600	Bank of NY Mellon	64,955
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	115,105		114,682	Bank of NY Mellon	115,451
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	211,607	495,312	213,499	Bank of NY Mellon	214,381
<b>2004 Assessment District 162</b>										
Invesco Government & Agency Private	92,600	variable	AAA	open	0.01%	92,600		92,600	Bank of NY Mellon	64,580
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	93,846	186,445	93,710	Bank of NY Mellon	94,168
<b>2005 Assessment District 164</b>										
Invesco Government & Agency Private	174,915	variable	AAA	open	0.01%	174,915		174,915	Bank of NY Mellon	94,049
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	446,923	26,622	Bank of NY Mellon	26,752
<b>2006 Airport PFC</b>										
Invesco Government & Agency Private	703,425	variable	AAA	open	0.02%	703,425		703,425	Bank of NY Mellon	937,212
U.S. Treasury Note	855,000	1.38%	N/A	3/15/13	1.55%	850,692	1,554,117	866,560	Bank of NY Mellon	867,492
<b>2007 Merged Project #1 &amp; #2</b>										
Invesco Government & Agency Private	3,891,129	variable	AAA	open	0.02%	3,891,129	3,891,129	3,891,129	Bank of NY Mellon	4,839,141
<b>2007 Refunding Lease Revenue Bonds</b>										
Invesco Government & Agency Private	1	variable	AAA	open	0.01%	1	1	1	Bank of NY Mellon	1
<b>2008 Airport PFC Refunding</b>										
Invesco Government & Agency Private	0	variable	AAA	open	0.01%	0		0	Bank of NY Mellon	12,853
Federal Home Loan Mortgage Corporation	603,000	4.13%	N/A	9/27/13	1.93%	647,450	647,450	649,063	Bank of NY Mellon	653,429
Funds With Century Golf	1,465,517					1,465,517	1,465,517	1,465,517	Century Golf	991,488
<b>Totals</b>						<u>\$ 18,442,651</u>	<u>\$ 18,490,392</u>	<u>\$ 19,177,011</u>		

**TREASURER'S MONTHLY REPORT  
MISCELLANEOUS AND TRUST ACCOUNTS  
FEBRUARY 28, 2011**

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
<b>Total Invested Cash</b>	\$ 86,601,953					\$ 86,601,953	\$ 86,601,953
<b>Miscellaneous Accounts</b>							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	15,000	N/A	N/A	open	none	15,000	
Trust & Agency - Bank of America	1,468,185	N/A	N/A	open	none	1,468,185	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,722	0.15%	N/A	open	0.15%	33,722	
Workers Compensation - Bank of America	747	N/A	N/A	open	none	747	
General Liability - Bank of America	30,000	N/A	N/A	open	none	30,000	
1930's General Store Museum - Bank of America	3,542	N/A	N/A	open	none	3,542	
On-Line Credit Card Transportation Permits - Bank of America	1,277	N/A	N/A	open	none	1,277	1,556,373
<b>Deposits Held In Trust</b>							
Time Deposits (FDIC Insured)							
BBVA Compass (Coyote Springs Apt)	20,777	1.09%	N/A	6/24/11	1.09%	20,777	20,777
<b>Total Cash Deposited</b>							\$ 88,179,103

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TREASURER'S MONTHLY REPORT  
CALCULATION OF INVESTMENT LIMITATIONS  
FEBRUARY 28, 2011

	Allowable Percentages		Current Mo.
	Minimum	Maximum	
<u>By Maturity:</u>			
1 day to 365 days	\$8,000,000	N/A	\$82,103,359
1 year to 3 years	0.00%	50.00%	4.62%
3 years to 5 years	0.00%	30.00%	0.00%
over 5 years	N/A	N/A	0.58%

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%	0.00%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thrus	N/A	10.00%	0.15%
U.S. Government Agencies	N/A	50.00%	39.83%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%

Calculation of Weighted Avg Maturity

Mature Date	Current Date	No. of Days	Days X Cost
	40,602		
40,603	40,602	1	2,780,024
40,603	40,602	1	49,200,000
40,558	40,602	0	0
40,575	40,602	0	0
40,634	40,602	32	3,055,273
40,664	40,602	62	1,882,207
40,557	40,602	0	0
40,603	40,602	1	1,000,000
40,605	40,602	3	3,000,000
40,619	40,602	17	34,000,000
40,632	40,602	30	60,000,000
40,638	40,602	36	72,000,000
40,653	40,602	51	51,000,000
40,688	40,602	86	86,000,000
40,695	40,602	93	93,000,000
40,697	40,602	95	190,000,000
40,722	40,602	120	120,000,000
40,732	40,602	130	130,000,000

40,737	40,602	135	135,000,000
40,745	40,602	143	143,000,000
40,746	40,602	144	144,000,000
40,746	40,602	144	143,640,000
40,753	40,602	151	151,000,000
40,772	40,602	170	170,000,000
40,816	40,602	214	428,000,000
40,863	40,602	261	522,000,000
40,864	40,602	262	262,000,000
40,870	40,602	268	268,000,000
40,870	40,602	268	536,000,000
40,953	40,602	351	351,000,000

41,059	40,602	457	914,000,000
41,236	40,602	634	1,268,000,000

43,196	40,602	2,594	1,293,352,836
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<b>Total Investments at Cost</b>			<b>7,625,910,340</b>
<b>WAM in Days</b>			<b>86,601,953</b>
			<b>88.06</b>