



City Council Staff Report

DATE: May 18, 2011 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
MARCH 31, 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 March 31, 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 \$88,115,060 plus \$18,079,255 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$87,827,447.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of March 31, 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

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

The weighted average maturity (WAM) of the portfolio is 88 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
MARCH 31, 2011**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 1,809,372		
State Pool	<u>50,700,000</u>	\$ 52,509,372	59.59%
Short Term Investments (1 year or less)			
Corporate Notes	0		
Mortgage Pass-Thrus	109,594		
U.S. Gov't Agencies	<u>30,997,500</u>	31,107,094	35.30%
Medium Term Investments (1 year to 3 years)			
U.S. Gov't Agencies	<u>4,000,000</u>	4,000,000	4.54%
Long Term Investments (3 year to 5 years)			
U.S. Gov't Agencies	<u>498,594</u>	<u>498,594</u>	<u>0.57%</u>
		\$ <u>88,115,060</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
MARCH 31, 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
On Call Deposits										
Checking - Bank of America	\$ N/A	variable	AAA	open	0.15%	\$ 1,809,372		\$ 1,809,372		\$ 1,348,775
Local Agency Invest Fund (LAIF)*	50,700,000	variable	N/A	open	0.50%	<u>50,700,000</u>	52,509,372	50,763,991	LAIF	37,772,190
Short Term Investments (1 year or less)										
Corporate Notes										
Goldman Sachs Group, Inc.	1,000,000	5.00%	A	01/15/11	5.37%	<u>0</u>	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%	<u>0</u>		0	Bank of NY Mellon	131,975
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	<u>81,170</u>		95,307	Bank of NY Mellon	124,912
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	<u>28,424</u>	109,594	31,196	Bank of NY Mellon	36,085
U.S. Gov't Agency Securities										
Federal Farm Credit Bank	2,000,000	2.00%	N/A	01/14/11	2.00%	<u>0</u>		0	Bank of NY Mellon	2,000,860
Federal Home Loan Bank	1,000,000	2.35%	N/A	04/01/11	2.35%	<u>1,000,000</u>		995,800	Bank of NY Mellon	1,000,100
Federal Home Loan Bank	1,000,000	1.75%	N/A	04/03/11	1.75%	<u>1,000,000</u>		975,350	Bank of NY Mellon	965,920
Federal Home Loan Bank	2,000,000	2.35%	N/A	03/17/11	2.35%	<u>0</u>		0	Bank of NY Mellon	2,007,960
Federal National Mortgage Association	2,000,000	2.00%	N/A	03/30/11	2.00%	<u>0</u>		0	Bank of NY Mellon	1,959,480
Federal Home Loan Bank	2,000,000	2.00%	N/A	04/05/11	2.00%	<u>2,000,000</u>		1,942,220	Bank of NY Mellon	1,939,360
Federal Home Loan Mortgage Corporation	1,000,000	2.38%	N/A	04/20/11	2.38%	<u>1,000,000</u>		995,460	Bank of NY Mellon	1,000,890
Federal Home Loan Mortgage Corporation	1,000,000	2.00%	N/A	05/25/11	2.00%	<u>1,000,000</u>		983,240	Bank of NY Mellon	985,810
Federal Home Loan Mortgage Corporation	1,000,000	1.57%	N/A	06/01/11	1.57%	<u>1,000,000</u>		967,520	Bank of NY Mellon	988,460
Federal Home Loan Bank	2,000,000	2.00%	N/A	06/03/11	2.00%	<u>2,000,000</u>		1,966,200	Bank of NY Mellon	1,960,938
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	06/28/11	2.50%	<u>1,000,000</u>		1,005,370	Bank of NY Mellon	1,010,250
Federal Farm Credit Bank	1,000,000	1.77%	N/A	07/08/11	1.77%	<u>1,000,000</u>		995,670	Bank of NY Mellon	1,002,080

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TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
MARCH 31, 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		998,270	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		1,002,050	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		1,002,080	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		987,600	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		1,001,140	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		987,590	Bank of NY Mellon	985,469
Federal National Mortgage Association	2,000,000	1.63%	N/A	09/21/11	1.63%	2,000,000		1,995,880	Bank of NY Mellon	0
Federal National Mortgage Association	2,000,000	1.60%	N/A	09/28/11	1.60%	2,000,000		1,992,060	Bank of NY Mellon	0
Federal Farm Credit Bank	2,000,000	1.99%	N/A	09/30/11	1.99%	2,000,000		1,984,320	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		1,941,720	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		980,010	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		959,590	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		1,923,460	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		1,000,060	Bank of NY Mellon	0
Federal Farm Credit Bank	1,000,000	2.54%	N/A	03/30/12	2.54%	1,000,000		996,406	Bank of NY Mellon	0
							30,997,500			
Medium Term Investments (1 year to 3 years)										
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		1,919,700	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		1,923,460	Bank of NY Mellon	1,930,313
							4,000,000			
Long Term Investment (3 years to 5 years)										
U.S. Gov't Agency Securities										
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594		705,355	Bank of America	716,569
							498,594			
Total Invested Cash							\$ 88,115,060	\$ 87,827,447		\$ 75,612,560

*Includes the following deposits of non-City funds:

	Principal	Interest	Total
SMG (Convention Center)	100,000	96,345	196,345
Palm Springs Historical Society	250,000	53,690	303,690

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**TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
MARCH 31, 2011**

	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 88,115,060					\$ 88,115,060	\$ 88,115,060
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	1,509,028	N/A	N/A	open	none	1,509,028	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,726	0.15%	N/A	open	0.15%	33,726	
Workers Compensation - Bank of America	6,677	N/A	N/A	open	none	6,677	
General Liability - Bank of America	29,157	N/A	N/A	open	none	29,157	
1930's General Store Museum - Bank of America	3,360	N/A	N/A	open	none	3,360	
On-Line Credit Card Transportation Permits - Bank of America	1,359	N/A	N/A	open	none	1,359	1,607,208
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							\$ 89,743,045

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TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
MARCH 31, 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
1991/97/01/04 Convention Center										
Invesco Government & Agency Private	119,136	variable	AAA	open	0.01%	119,136		119,136	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>		5,864,710	Bank of NY Mellon	5,922,038
							5,986,984			
1991/01 Series B - Housing										
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>		445,666	Bank of NY Mellon	450,013
							472,832			
1994/04 Series A & B										
Invesco Government & Agency Private	34,321	variable	AAA	open	0.02%	34,321		34,321	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		1,035,580	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>		612,763	Bank of NY Mellon	618,753
							1,683,547			
1998 Airport PFC										
Invesco Government & Agency Private	223,888	variable	AAA	open	0.01%	223,888		223,888	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>		928,649	Bank of NY Mellon	931,412
							1,137,262			
1998 Assessment District 155 A&B										
Invesco Government & Agency Private	66	variable	AAA	open	0.01%	<u>66</u>		66	Bank of NY Mellon	147,307
							66			
2001 Assessment District 157/158										
Invesco Government & Agency Private	172,024	variable	AAA	open	0.01%	<u>172,024</u>		172,024	Bank of NY Mellon	176,396
							172,024			
2002 Parking Structure										
Cash	3					3		3	Bank of NY Mellon	3
Invesco Government & Agency Private	3,117	variable	AAA	open	0.10%	<u>3,117</u>		3,117	Bank of NY Mellon	15
							3,120			

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
MARCH 31, 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
2004 Assessment District 161										
Invesco Government & Agency Private	67,994	variable	AAA	open	0.02%	67,994		67,994	Bank of NY Mellon	64,955
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	115,105		114,356	Bank of NY Mellon	115,451
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	<u>211,607</u>		213,032	Bank of NY Mellon	214,381
							394,707			
2004 Assessment District 162										
Invesco Government & Agency Private	66,273	variable	AAA	open	0.01%	66,273		66,273	Bank of NY Mellon	64,580
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	<u>93,846</u>		93,452	Bank of NY Mellon	94,168
							160,119			
2005 Assessment District 164										
Invesco Government & Agency Private	93,388	variable	AAA	open	0.01%	93,388		93,388	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%	<u>26,661</u>		26,549	Bank of NY Mellon	26,752
							365,396			
2006 Airport PFC										
Invesco Government & Agency Private	823,774	variable	AAA	open	0.01%	823,774		823,774	Bank of NY Mellon	937,212
U.S. Treasury Note	855,000	1.38%	N/A	3/15/13	1.55%	<u>850,692</u>		864,918	Bank of NY Mellon	867,492
							1,674,465			
2007 Merged Project #1 & #2										
Invesco Government & Agency Private	2,529,480	variable	AAA	open	0.01%	<u>2,529,480</u>		2,529,480	Bank of NY Mellon	4,839,141
							2,529,480			
2007 Refunding Lease Revenue Bonds										
Invesco Government & Agency Private	1,373,850	variable	AAA	open	0.02%	<u>1,373,850</u>		1,373,850	Bank of NY Mellon	1
							1,373,850			
2008 Airport PFC Refunding										
Invesco Government & Agency Private	12,437	variable	AAA	open	0.02%	12,437		12,437	Bank of NY Mellon	12,853
Federal Home Loan Mortgage Corporation	603,000	4.13%	N/A	9/27/13	1.93%	<u>647,450</u>		647,103	Bank of NY Mellon	653,429
							659,887			
Funds With Century Golf	1,465,517					<u>1,465,517</u>		1,465,517	Century Golf	991,488
							<u>1,465,517</u>			
Totals							<u>\$ 18,079,255</u>	<u>\$ 18,096,174</u>		<u>\$ 19,177,011</u>

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TREASURER'S MONTHLY REPORT
CALCULATION OF INVESTMENT LIMITATIONS
MARCH 31, 2011

<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	\$83,616,466
1 year to 3 years	0.00%	50.00%	4.54%
3 years to 5 years	0.00%	30.00%	0.00%
over 5 years	N/A	N/A	0.57%
 <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%	0.00%
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%	0.12%
U.S. Government Agencies	N/A	60.00%	40.28%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%