



## City Council Staff Report

DATE: December 14, 2011 CONSENT CALENDAR  
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF  
SEPTEMBER 30, 2011  
FROM: Geoffrey S. Kiehl, Director of Finance and Treasurer  
BY: Department of Finance and Treasury

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### SUMMARY

Attached is the Treasurer's Investment Report as of September 30, 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 \$88,243,671 plus \$15,404,543 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$88,607,360.

### RECOMMENDATION:

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

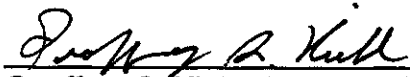
The investments, in type, maturity and as a percentage of the total portfolio, are in compliance with the existing City Council-approved investment policy with one exception: the FICO notes (\$500,000, 4/16/18, 9.8%) exceed the 5 year limitation on maturities (Detail of Investments, Long Term Investments, 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 98 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.



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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  
SEPTEMBER 30, 2011**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 4,547,077		
State Pool	<u>37,200,000</u>	\$ 41,747,077	47.31%
Short Term Investments (1 year or less)			
U.S. Gov't Agencies	<u>42,998,000</u>	42,998,000	48.73%
Medium Term Investments (1 year to 3 years)			
U.S. Gov't Agencies	<u>3,000,000</u>	3,000,000	3.40%
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><u>88,243,671</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  
SEPTEMBER 30, 2011

	Par Value	Coupon Rate	Rating	Maturity or Call Date	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Prior Qtr. Market Value
<b>On Call Deposits</b>									
Checking - Bank of America	\$	N/A	variable	AAA	open	0.15%	\$	4,547,077	3,777,362
Local Agency Invest Fund (LAIF)*	37,200,000	variable	N/A	open	0.378%	37,200,000		37,268,730	
							41,747,077		
<b>Short Term Investments (1 year or less)</b>									
U.S. Govt Agency Securities									
Federal Farm Credit Bank	1,000,000	1.77%	N/A	07/08/11	1.77%	0		0	1,000,260
Federal National Mortgage Association	1,000,000	2.05%	N/A	07/13/11	2.05%	0		0	1,000,580
Federal Home Loan Mortgage Corporation	1,000,000	2.38%	N/A	07/20/11	2.38%	0		0	1,001,160
Federal Home Loan Mortgage Corporation	1,000,000	1.63%	N/A	07/21/11	1.63%	0		0	1,000,700
Federal Home Loan Mortgage Corporation	1,000,000	1.10%	N/A	07/22/11	1.10%	0		0	1,000,480
Federal National Mortgage Association	1,000,000	2.25%	N/A	07/22/11	2.30%	0		0	1,001,150
Federal National Mortgage Association	1,000,000	1.60%	N/A	07/29/11	1.60%	0		0	1,000,980
Federal Home Loan Bank	2,000,000	2.00%	N/A	08/01/11	2.00%	0		0	1,986,300
Federal Home Loan Mortgage Corporation	1,000,000	1.57%	N/A	08/01/11	1.57%	0		0	990,910
Federal Home Loan Bank	1,000,000	1.75%	N/A	08/03/11	1.75%	0		0	997,760
Federal Farm Credit Bank	1,000,000	1.88%	N/A	08/17/11	1.88%	0		0	1,002,580
Federal Home Loan Mortgage Corporation	1,000,000	2.00%	N/A	08/25/11	2.00%	0		0	998,520
Federal National Mortgage Association	2,000,000	1.63%	N/A	09/21/11	1.63%	0		0	2,005,240
Federal National Mortgage Association	2,000,000	1.60%	N/A	09/28/11	1.60%	0		0	2,005,420
Federal Farm Credit Bank	2,000,000	1.99%	N/A	09/30/11	1.99%	0		0	2,000,300
Federal Home Loan Bank	2,000,000	2.20%	N/A	09/30/11	2.20%	0		0	2,046,911
Federal Home Loan Mortgage Corporation	1,000,000	2.65%	N/A	10/14/11	2.65%	1,000,000		1,000,730	1,006,510
Federal Home Loan Mortgage Corporation	2,000,000	2.75%	N/A	10/18/11	2.75%	2,000,000		2,002,040	2,014,080
Federal Farm Credit Bank	2,000,000	1.85%	N/A	11/15/11	1.85%	2,000,000		2,001,740	0
Federal Farm Credit Bank	2,000,000	1.62%	N/A	11/16/11	1.62%	2,000,000		2,003,780	1,987,500
Federal Farm Credit Bank	1,000,000	1.25%	N/A	11/17/11	1.25%	1,000,000		1,001,130	1,000,010
Federal National Mortgage Association	1,000,000	1.50%	N/A	11/23/11	1.50%	1,000,000		1,009,480	982,700
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/11	1.50%	2,000,000		1,988,920	1,969,520
Federal Home Loan Bank	2,000,000	1.55%	N/A	12/02/11	1.55%	2,000,000		1,984,660	0
Federal National Mortgage Association	1,000,000	2.25%	N/A	12/08/11	2.25%	1,000,000		1,003,070	997,000
Federal Home Loan Bank	2,000,000	1.57%	N/A	12/23/11	1.57%	2,000,000		2,000,120	0
Federal Home Loan Bank	2,000,000	1.52%	N/A	12/28/11	1.52%	2,000,000		1,992,300	0
Federal Home Loan Bank	2,000,000	2.02%	N/A	12/29/11	2.02%	1,998,000		2,007,400	1,987,080
Federal National Mortgage Association	2,000,000	2.00%	N/A	01/05/12	2.00%	2,000,000		2,007,360	0
Federal Farm Credit Bank	1,000,000	1.48%	N/A	02/14/12	1.48%	1,000,000		1,004,180	1,006,980
Federal Home Loan Bank	2,000,000	1.50%	N/A	02/22/12	1.50%	2,000,000		1,990,480	0
Federal Farm Credit Bank	2,000,000	1.50%	N/A	02/24/12	1.50%	2,000,000		1,990,840	0

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TREASURER'S MONTHLY REPORT  
DETAIL OF INVESTMENTS  
SEPTEMBER 30, 2011

	Par Value	Coupon Rate	Rating	Maturity or Call Date	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Prior Qtr. Market Value
<b>Short Term Investments (1 year or less)</b>									
U.S. Gov't Agency Securities									
Federal Home Loan Bank	2,000,000	1.55%	N/A	02/24/12	1.55%	2,000,000		1,988,980	0
Federal Home Loan Mortgage Corporation	2,000,000	1.55%	N/A	03/01/12	1.55%	2,000,000		1,999,600	0
Federal Farm Credit Bank	1,000,000	2.54%	N/A	03/30/12	2.54%	1,000,000		1,011,200	1,013,840
Federal National Mortgage Association	1,000,000	2.55%	N/A	04/20/12	2.55%	1,000,000		1,011,840	1,013,000
Federal National Mortgage Association	2,000,000	1.45%	N/A	05/30/12	1.45%	2,000,000		2,012,860	1,966,180
Federal Home Loan Mortgage Corporation	2,000,000	2.30%	N/A	06/13/12	2.30%	2,000,000		2,022,100	2,000,160
Federal Farm Credit Bank	2,000,000	1.75%	N/A	08/15/12	1.75%	2,000,000		2,002,160	0
Federal Farm Credit Bank	2,000,000	1.50%	N/A	08/22/12	1.50%	2,000,000		1,994,540	0
Federal Farm Credit Bank	2,000,000	1.50%	N/A	09/06/12	1.50%	<u>2,000,000</u>		1,999,840	0
							42,998,000		
<b>Medium Term Investments (1 year to 3 years)</b>									
U.S. Gov't Agency Securities									
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/12	1.50%	2,000,000		1,988,920	1,969,520
Federal National Mortgage Association	1,000,000	2.50%	N/A	04/18/13	2.50%	<u>1,000,000</u>		1,028,150	1,015,040
							3,000,000		
<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%	<u>498,594</u>		743,133	714,170
							498,594		
<b>Total Invested Cash</b>							<u>\$ 88,243,671</u>	<u>\$ 88,607,360</u>	<u>\$ 47,459,903</u>

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

	Principal	Interest	Total
Palm Springs Historical Society	250,000	54,259	304,259

TREASURER'S MONTHLY REPORT  
 MISCELLANEOUS AND TRUST ACCOUNTS  
 SEPTEMBER 30, 2011

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
<b>Total Invested Cash</b>	\$ 88,243,671					\$ 88,243,671	\$ 88,243,671
<b>Miscellaneous Accounts</b>							
Petty Cash	3,750	N/A	N/A	open	none	3,750	
Revolving Fund - Bank of America	25,000	N/A	N/A	open	none	25,000	
Trust & Agency - Bank of America	921,856	N/A	N/A	open	none	921,856	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,752	0.15%	N/A	open	0.15%	33,752	
Workers Compensation - Bank of America	2,296	N/A	N/A	open	none	2,296	
General Liability - Bank of America	30,000	N/A	N/A	open	none	30,000	
1930's General Store Museum - Bank of America	3,717	N/A	N/A	open	none	3,717	
On-Line Credit Card Transportation Permits - Bank of America	3,452	N/A	N/A	open	none	3,452	1,023,822
<b>Total Cash Deposited</b>							\$ 89,267,493

**TREASURER'S MONTHLY REPORT**  
**BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS**  
**SEPTEMBER 30, 2011**

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Prior Qtr. Market Value
<b>1991/97/01/04 Convention Center</b>									
Invesco Government & Agency Private	126,145	variable	AAA	open	0.01%	126,145		126,145	13,430
Federal Home Loan Mortgage Corporation	5,465,000	4.125%	N/A	9/27/13	1.93%	<u>5,867,848</u>		5,865,748	5,881,259
							5,993,993		
<b>1991/01 Series B - Housing</b>									
Invesco Government & Agency Private	28,843	variable	AAA	open	0.02%	28,843		28,843	28,841
Federal Home Loan Bank	420,000	4.625%	N/A	10/10/12	1.38%	<u>453,705</u>		438,766	443,012
							482,548		
<b>1994/04 Series A &amp; B</b>									
Invesco Government & Agency Private	34,095	variable	AAA	open	0.02%	34,095		34,095	34,319
Federal Home Loan Mortgage Corporation	965,000	4.125%	N/A	9/27/13	1.93%	1,036,134		1,035,763	1,040,251
Federal Home Loan Mortgage Corporation	571,000	4.125%	N/A	9/27/13	1.93%	<u>613,091</u>		612,871	615,527
							1,683,320		
<b>1998 Airport PFC</b>									
Invesco Government & Agency Private	401,345	variable	AAA	open	0.02%	401,345		401,345	435,047
U.S. Treasury Note	918,000	1.375%	N/A	3/15/13	1.55%	<u>913,374</u>		933,061	933,061
							1,314,719		
<b>2001 Assessment District 157/158</b>									
Invesco Government & Agency Private	167,660	variable	AAA	open	0.02%	<u>167,660</u>		167,660	172,032
							167,660		
<b>2002 Parking Structure</b>									
Cash	4					4		4	18
Invesco Government & Agency Private	15	variable	AAA	open	0.01%	<u>15</u>		15	0

**TREASURER'S MONTHLY REPORT**  
**BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS**  
**SEPTEMBER 30, 2011**

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Prior Qtr. Market Value
2004 Assessment District 161							19		
Invesco Government & Agency Private	73,417	variable	AAA	open	0.02%	73,417		73,417	70,313
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	115,105		112,291	113,774
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	<u>211,607</u>		210,501	212,667
							400,129		
2004 Assessment District 162									
Invesco Government & Agency Private	68,120	variable	AAA	open	0.01%	68,120		68,120	61,769
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	<u>93,846</u>		91,995	97,643
							161,966		
2005 Assessment District 164									
Invesco Government & Agency Private	96,205	variable	AAA	open	0.02%	96,205		96,205	94,535
Citizens Bank, Flint, Michigan	245,000	1.85%	N/A	3/4/13	1.80%	245,347		245,000	245,000
Capital One Bank USA National Association	25,000	4.15%	N/A	3/5/13	1.80%	<u>26,661</u>		26,135	26,459
							368,213		
2006 Airport PFC									
Invesco Government & Agency Private	473,692	variable	AAA	open	0.02%	473,692		473,692	1,167,199
U.S. Treasury Note	855,000	1.375%	N/A	3/15/13	1.55%	<u>850,692</u>		869,027	869,027
							1,324,384		
2007 Merged Project #1 & #2									
Invesco Government & Agency Private	1,225,290	variable	AAA	open	0.01%	<u>1,225,290</u>		1,225,290	1,305,106
							1,225,290		
2007 Refunding Lease Revenue Bonds									
Invesco Government & Agency Private	358,950	variable	AAA	open	0.01%	<u>358,950</u>		358,950	3
							358,950		
2008 Airport PFC Refunding									
Invesco Government & Agency Private	12,437	variable	AAA	open	0.02%	12,437		12,437	12,437
Federal Home Loan Mortgage Corporation	603,000	4.125%	N/A	9/27/13	1.93%	<u>647,450</u>		647,218	650,022
							659,887		
Funds With Century Golf	1,263,466					<u>1,263,466</u>		1,263,466	2,020,406
							<u>1,263,466</u>		
Totals							<u>\$ 15,404,543</u>	<u>\$ 15,418,061</u>	<u>\$16,543,155</u>

TREASURER'S MONTHLY REPORT  
 CALCULATION OF INVESTMENT LIMITATIONS  
 SEPTEMBER 30, 2011

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By Maturity:	Allowable Percentages		Current Mo.
	Minimum	Maximum	
1 day to 365 days	\$8,000,000	N/A	\$84,745,077
1 year to 3 years	0.00%	50.00%	3.40%
3 years to 5 years	0.00%	30.00%	0.00%
over 5 years	N/A	N/A	0.57%
<b>By Type of Investment:</b>			
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%	0.00%
U.S. Government Agencies	N/A	60.00%	52.69%
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
	40,816		
40,817	40,816	1	4,547,077
40,817	40,816	1	37,200,000
40,732	40,816	0	0
40,737	40,816	0	0
40,744	40,816	0	0
40,745	40,816	0	0
40,746	40,816	0	0
40,746	40,816	0	0
40,753	40,816	0	0
40,756	40,816	0	0
40,756	40,816	0	0
40,758	40,816	0	0
40,772	40,816	0	0
40,780	40,816	0	0
40,807	40,816	0	0
40,814	40,816	0	0
40,816	40,816	0	0
40,816	40,816	0	0
40,830	40,816	14	14,000,000
40,834	40,816	18	36,000,000
40,862	40,816	46	92,000,000
40,863	40,816	47	94,000,000
40,864	40,816	48	48,000,000
40,870	40,816	54	54,000,000
40,870	40,816	54	108,000,000
40,879	40,816	63	126,000,000
40,885	40,816	69	69,000,000
40,900	40,816	84	168,000,000
40,905	40,816	89	178,000,000
40,906	40,816	90	179,820,000
40,913	40,816	97	194,000,000
40,953	40,816	137	137,000,000
40,961	40,816	145	290,000,000
40,963	40,816	147	294,000,000

40,963	40,816	147	294,000,000
40,969	40,816	153	306,000,000
40,998	40,816	182	182,000,000
41,019	40,816	203	203,000,000
41,059	40,816	243	486,000,000
41,073	40,816	257	514,000,000
41,136	40,816	320	640,000,000
41,143	40,816	327	654,000,000
41,158	40,816	342	684,000,000

41,236	40,816	420	840,000,000
41,382	40,816	566	566,000,000

43,196	40,816	2,380	1,186,653,720
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**Total Investments at Cost** 8,679,220,797

**WAM in Days**  
88,243,671  
98.36