



City Council Staff Report

DATE: November 19, 2008 CONSENT CALENDAR

SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
SEPTEMBER 30, 2008

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 September 30, 2008. 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 \$92,362,111 plus \$29,647,253 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$92,772,749.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of September 30, 2008.

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 funds, and on loan repayment programs managed by a bank.

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 AIG investment in the amount of \$1,290,000 (Bond Issue Reserve, Debt Service & Related Funds, 2004 Convention Center) , was returned to the City on October 3, 2008, and will be reflected on the October 31, 2008 Treasurer's Investment Report.

State law requires this report to be submitted within 30 days of the end of the quarter. Because all of the City's bank accounts may not be completely reconciled, there may be minor adjustments to the cash on hand in the checking account and to the valuation of the bond issue's money market investments. All other amounts are actual.

The weighted average maturity (WAM) of the portfolio is 296 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
SEPTEMBER 30, 2008

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 2,206,838		
State Pool	<u>59,500,000</u>	\$ 61,706,838	66.81%
Short Term Investments (1 year or less)			
Mortgage Pass-Thrus	1,585,359		
Time Deposits	1,940,000		
U.S. Gov't Agencies	<u>989,280</u>	4,514,639	4.89%
Medium Term Investments (1 year to 3 years)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	4,614,680		
U.S. Gov't Agencies	<u>14,241,930</u>	21,642,041	23.43%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>4,498,594</u>	<u>4,498,594</u>	<u>4.87%</u>
		\$ <u>92,362,111</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
SEPTEMBER 30, 2008**

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(means only) Market Value	Source	Prior Qtr. Market Value
On Call Deposits										
Checking - Bank of America	\$ N/A	variable	AAA	open	1.71%	\$ 2,206,838		\$ 2,206,838		\$ 82,114
Local Agency Invest Fund (LAIF)	\$ 59,500,000	variable	N/A	open	2.77%	\$ 59,500,000	\$ 61,706,838	\$ 59,497,938	LAIF	\$ 74,131,455
Short Term Investments (1 year or less)										
Mortgage Pass-Thrus										
Federal Home Loan Mortgage Corporation	465,000	4.00%	N/A	08/31/08	5.58%	0		0	BNY Western Tr	67,850
Federal Home Loan Mortgage Corporation	1,400,000	4.00%	N/A	09/30/08	5.43%	0		0	BNY Western Tr	274,655
Federal Home Loan Mortgage Corporation	1,800,000	4.50%	N/A	11/30/08	5.07%	237,446		245,183	BNY Western Tr	347,312
Federal Home Loan Mortgage Corporation	5,000,000	5.00%	N/A	02/28/09	5.68%	139,896		141,245	BNY Western Tr	165,978
Federal Home Loan Mortgage Corporation	2,353,000	4.50%	N/A	05/31/09	4.88%	556,051		564,175	BNY Western Tr	864,419
Federal Home Loan Mortgage Corporation	480,000	4.00%	N/A	04/30/09	5.18%	163,347		168,853	BNY Western Tr	188,242
Federal Home Loan Mortgage Corporation	540,000	3.50%	N/A	06/30/09	4.79%	229,851		242,258	BNY Western Tr	268,120
Federal Home Loan Mortgage Corporation	570,000	4.50%	N/A	09/30/09	5.37%	258,765	1,585,159	268,896	BNY Western Tr	297,815
Term Deposits										
CD Account Registry Service (CDARS)	940,000	5.35%	AAA	07/17/08	5.50%	0		0	Palm Desert Nat. Bank	940,000
CD Account Registry Service (CDARS)	94,000	5.35%	AAA	07/24/08	5.29%	0		0	Palm Desert Nat. Bank	94,000
CD Account Registry Service (CDARS)	1,000,000	4.00%	AAA	03/12/09	4.08%	1,000,000		1,000,000	Palm Desert Nat. Bank	1,000,000
CD Account Registry Service (CDARS)	940,000	3.00%	AAA	07/16/09	3.00%	940,000	1,940,000	940,000	Palm Desert Nat. Bank	0
U.S. Gov't Agency Securities										
Federal Home Loan Mortgage Corporation	1,000,000	3.38%	N/A	04/30/09	3.65%	989,280		999,888	BNY Western Tr	1,084,063
Federal Home Loan Mortgage Corporation	750,000	3.00%	N/A	07/31/09	3.67%	0	989,280	0	BNY Western Tr	730,117
Medium Term Investments (1 year to 3 years)										
Corporate Notes										
Wells Fargo & Company	800,000	5.98%	AA1	10/29/10	4.20%	795,160		785,920	BNY Western Tr	795,240
SBC Communications, Inc.	1,000,000	5.30%	A2	11/15/10	5.17%	1,004,150		1,015,240	BNY Western Tr	1,022,670
Goldman Sachs Group, Inc.	1,000,000	5.00%	AA3	01/15/11	5.17%	986,120	2,785,450	901,950	BNY Western Tr	996,490

TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
SEPTEMBER 30, 2008

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 92,362,111					\$ 92,362,111	\$ 92,362,111
Miscellaneous Accounts							
Petty Cash	3,275	N/A	N/A	open	none	3,275	
Revolving Fund - Bank of America	4,595	N/A	N/A	open	none	4,595	
Trust & Agency - Bank of America	1,319,056	N/A	N/A	open	none	1,319,056	
Downpayment Assistance (Housing Fund) - Washington Mutual	33,640	variable	N/A	open	0.25%	33,640	
Workers Compensation - Bank of America	5,162	N/A	N/A	open	none	5,162	
General Liability - Bank of America	18,716	N/A	N/A	open	none	18,716	1,384,444
Deposits Held In Trust							
Time Deposits (FDIC Insured)							
Guaranty Bank (Coyote Springs Apt)	19,829	2.72%	N/A	6/24/2009	2.75%	19,829	19,829
Total Cash Deposited							\$ 93,766,384

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
SEPTEMBER 30, 2008

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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
1991870504 Convention Center										
Cash	0					0		0	BNY Western Tr	503
AIM Government & Agency Portf Private	5,101,641	variable	AAA	open	1.85%	5,101,641		5,101,641	BNY Western Tr	444,339
AIG Investment Agreement	1,280,673	5.36%	AAA	11/01/23	5.36%	0		0	BNY Western Tr	1,280,673
AIG Investment Agreement	1,290,000	6.68%	AAA	11/01/21	6.68%	1,290,000		1,290,000	BNY Western Tr	1,290,000
MBIA Investment Agreement	3,300,402	5.58%	AAA	11/01/25	5.58%	0	6,391,641	0	BNY Western Tr	3,300,402
1992036 Airport										
AIM Government & Agency Portf Private	1,244,057	variable	AAA	open	1.85%	1,244,057	1,244,057	1,244,057	BNY Western Tr	2,160,621
1991031 Series B - Housing										
AIM Government & Agency Portf Private	476,573	variable	AAA	open	1.85%	476,573		476,573	BNY Western Tr	4,374
AIG Investment Agreement	468,105	5.22%	AAA	08/01/21	5.22%	0	476,573	0	BNY Western Tr	468,105
199404 Series A & B										
AIM Government & Agency Portf Private	2,463,930	variable	AAA	open	1.85%	2,463,930		2,463,930	BNY Western Tr	2,517,259
MBIA Investment Agreement	1,651,456	5.17%	AAA	09/01/34	5.17%	1,651,456	4,115,386	1,651,456	BNY Western Tr	1,651,456
1998 Airport GARB										
AIM Government & Agency Portf Private	367	variable	AAA	open	1.85%	367	367	367	BNY Western Tr	363
199808 Airport PFC										
AIG Investment Agr - Reserve	849,728	5.70%	AAA	01/01/28	5.70%	0		0	BNY Western Tr	849,728
AIM Government & Agency Portf Private	1,381,161	variable	AAA	open	1.85%	1,381,161	1,381,161	1,381,161	BNY Western Tr	478,330
1998 Assessment District 155 A&B										
AIM Government & Agency Portf Private	283,860	variable	AAA	open	1.85%	283,860	283,860	283,860	BNY Western Tr	299,960

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
SEPTEMBER 30, 2008

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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
2001 Assessment District 157/158										
Cash	0					0		0	BNY Western Tr	0
ADM Government & Agency Portf Private	186,178	variable	AAA	open	1.85%	186,178	186,178	186,178	BNY Western Tr	185,313
2002 Parking Structure										
Cash	3					3		3	BNY Western Tr	3
ADM Government & Agency Portf Private	32,282	variable	AAA	open	1.85%	32,282	32,285	32,282	BNY Western Tr	15,873
2004 Assessment District 161										
ADM Government & Agency Portf Private	412,948	variable	AAA	open	1.85%	412,948	412,948	412,948	BNY Western Tr	414,528
2004 Assessment District 162										
ADM Government & Agency Portf Private	160,972	variable	AAA	open	1.85%	160,972	160,972	160,972	BNY Western Tr	161,206
2005 Assessment District 164										
ADM Government & Agency Portf Private	367,409	variable	AAA	open	1.85%	367,409	367,409	367,409	BNY Western Tr	369,287
2007 Merged Project #1 & #2										
Cash	17					17		17	BNY Western Tr	17
ADM Government & Agency Portf Private	13,522,991	variable	AAA	open	1.85%	13,522,991	13,523,008	13,522,991	BNY Western Tr	13,497,600
2007 Refunding Lease Revenue Bonds										
ADM Government & Agency Portf Private	416,550	variable	AAA	open	1.85%	416,550	416,550	416,550	BNY Western Tr	830
2008 Airport PTC Refunding										
Cash	169					169		169	BNY Western Tr	16,850
ADM Government & Agency Portf Private	654,689	variable	AAA	open	1.85%	654,689	654,689	654,689	BNY Western Tr	644,114
Totals							<u>654,838</u>	<u>29,647,253</u>		<u>30,051,296</u>

TREASURER'S MONTHLY REPORT
 CALCULATION OF INVESTMENT LIMITATIONS
 SEPTEMBER 30, 2008

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	Allowable Percentages		Current Mo.
	Minimum	Maximum	
By Maturity:			
1 day to 365 days	\$8,000,000	N/A	\$66,221,477
1 year to 3 years	0.00%	50.00%	23.43%
3 years to 5 years	0.00%	30.00%	4.33%
over 5 years	N/A	N/A	0.54%

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%	2.10%
Corporate Notes	N/A	20.00%	3.02%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thru's	N/A	10.00%	6.71%
U.S. Government Agencies	N/A	50.00%	21.36%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%