



## City Council Staff Report

DATE: MARCH 4, 2009 CONSENT CALENDAR  
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF  
JANUARY 31, 2009  
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 January 31, 2009. 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 \$93,689,976 plus \$25,648,659 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$94,641,344.

### RECOMMENDATION:

Receive and File Treasurer's Investment Report as of January 31, 2009.

### 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

ITEM NO. 2.D.

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

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 242 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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2/23/2009

**CITY OF PALM SPRINGS  
TREASURER'S MONTHLY REPORT  
SUMMARY OF INVESTMENTS  
JANUARY 31, 2009**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 598,371		
State Pool	<u>64,800,000</u>	\$ 65,398,371	69.80%
Short Term Investments (1 year or less)			
Mortgage Pass-Thrus	1,696,943		
Time Deposits	1,940,000		
U.S. Gov't Agencies	<u>989,280</u>	4,626,223	4.94%
Medium Term Investments (1 year to 3 years)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	3,381,358		
U.S. Gov't Agencies	<u>14,000,000</u>	20,166,788	21.53%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>3,498,594</u>	<u>3,498,594</u>	<u>3.73%</u>
		 <u>\$ 93,689,976</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  
JANUARY 31, 2009**

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2/23/2009

	Par Value	Coupon Rate	Rating	Maturity	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%	\$ 598,371		\$ 598,371.17		\$ 3,935,514
Local Agency Invest Fund (LAIF)	64,800,000	variable	N/A	open	2.05%	64,800,000	65,398,371	64,995,269.04	LAIF	51,454,388
<b>Short Term Investments (1 year or less)</b>										
<b>Mortgage Pass-Thrus</b>										
Federal Home Loan Mortgage Corporation	3,000,000	5.00%	N/A	02/01/09	5.08%	2,168		3,395.57	BNY Western Tr	61,305
Federal Home Loan Mortgage Corporation	2,335,000	4.50%	N/A	03/01/09	4.88%	336,813		343,218.02	BNY Western Tr	411,296
Federal Home Loan Mortgage Corporation	480,000	4.00%	N/A	04/01/09	5.18%	129,554		134,913.43	BNY Western Tr	146,617
Federal Home Loan Mortgage Corporation	540,000	3.50%	N/A	06/01/09	4.79%	191,550		204,821.69	BNY Western Tr	333,511
Federal Home Loan Mortgage Corporation	570,000	4.50%	N/A	09/01/09	5.37%	197,640		206,244.00	BNY Western Tr	226,064
Federal Home Loan Mortgage Corporation	3,000,000	5.50%	N/A	10/01/09	5.43%	182,944		187,262.92	BNY Western Tr	191,286
Federal Home Loan Mortgage Corporation	2,050,000	4.50%	N/A	10/01/09	5.03%	269,120		270,930.23	BNY Western Tr	275,659
Federal National Mortgage Association	2,700,000	4.50%	N/A	01/01/10	4.91%	387,155	1,596,943	399,672.36	BNY Western Tr	416,854
<b>Time Deposits</b>										
CD Account Registry Service (CDARS)	1,000,000	4.00%	AAA	03/12/09	4.08%	1,000,000		1,000,000.00	Palm Desert Nat. Bank	1,000,000
CD Account Registry Service (CDARS)	940,000	3.00%	AAA	07/16/09	3.90%	940,000	1,940,800	940,000.00	Palm Desert Nat. Bank	940,000
<b>U.S. Gov't Agency Securities</b>										
Federal Home Loan Mortgage Corporation	1,000,000	3.38%	N/A	04/15/09	3.65%	989,280	989,280	1,005,312.50	BNY Western Tr	1,008,125
<b>Medium Term Investments (1 year to 3 years)</b>										
<b>Corporate Notes</b>										
Wells Fargo & Company	800,000	3.98%	A-1	10/29/10	4.20%	795,160		788,864.00	BNY Western Tr	793,625
SBC Communities, Inc.	1,000,000	5.30%	A-2	11/15/10	5.17%	1,004,150		1,017,200.00	BNY Western Tr	1,016,480
Goldman Sachs Group, Inc.	1,000,000	5.00%	A-3	01/15/11	5.37%	986,120	2,785,430	995,690.00	BNY Western Tr	968,594

TREASURER'S MONTHLY REPORT  
DETAIL OF INVESTMENTS  
JANUARY 31, 2009

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
<b>Mortgage Pass-Throughs</b>										
Federal National Mortgage Association	2,500,000	4.50%	N/A	02/01/10	4.46%	446,171		449,114.52	BNY Western Tr	469,361
Federal Home Loan Mortgage Corporation	1,453,000	4.50%	N/A	02/01/10	5.22%	304,864		318,739.74	BNY Western Tr	334,349
Federal National Mortgage Association	1,000,000	4.00%	N/A	03/01/10	5.12%	260,527		273,554.21	BNY Western Tr	279,212
Federal Home Loan Mortgage Corporation	2,280,000	4.50%	N/A	05/01/10	5.29%	587,818		611,743.65	BNY Western Tr	622,239
Federal Home Loan Mortgage Corporation	1,370,000	5.00%	N/A	09/01/10	5.33%	329,607		338,998.13	BNY Western Tr	337,457
Federal National Mortgage Association	500,000	4.00%	N/A	03/01/10	4.95%	178,161		183,815.46	BNY Western Tr	186,425
Federal Home Loan Bank	775,000	4.75%	N/A	10/25/10	4.88%	469,009		480,648.32	BNY Western Tr	481,690
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	306,564		400,378.99	BNY Western Tr	402,399
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	325,146		342,214.49	BNY Western Tr	345,038
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	92,591	3,381,358	96,616.71	BNY Western Tr	97,209
<b>U.S. Gov't Agency Securities</b>										
Federal Home Loan Bank	500,000	4.10%	N/A	03/08/10	4.62%	0		0	BNY Western Tr	500,156
Federal Home Loan Mortgage Corporation	1,000,000	4.05%	N/A	12/30/10	4.05%	1,000,000		1,012,120.00	BNY Western Tr	1,015,669
Federal Farm Credit Bank	1,000,000	4.38%	N/A	06/23/11	4.38%	1,000,000		1,012,812.50	BNY Western Tr	1,016,563
Federal Home Loan Bank	1,000,000	4.10%	N/A	06/24/11	4.10%	1,000,000		1,036,562.50	BNY Western Tr	1,044,063
Federal Home Loan Bank	1,000,000	4.13%	N/A	06/24/11	4.13%	1,000,000		1,036,875.00	BNY Western Tr	1,044,375
Federal National Mortgage Association	1,000,000	4.00%	N/A	06/24/11	4.00%	1,000,000		1,011,250.00	BNY Western Tr	1,015,313
Federal Home Loan Mortgage Corporation	1,800,000	4.25%	N/A	06/30/11	4.25%	1,000,000		1,012,550.00	BNY Western Tr	1,016,719
Federal Home Loan Bank	1,000,000	4.28%	N/A	06/30/11	4.28%	1,000,000		1,013,125.00	BNY Western Tr	1,017,188
Federal Farm Credit Bank	1,000,000	4.10%	N/A	07/07/11	4.10%	1,000,000		1,012,812.50	BNY Western Tr	1,016,563
Federal Home Loan Bank	2,900,000	5.00%	N/A	07/27/11	5.00%	2,000,000		2,682,500.00	BNY Western Tr	2,053,125
Federal Home Loan Bank	1,000,000	5.00%	N/A	07/27/11	5.00%	1,000,000		1,021,250.00	BNY Western Tr	1,026,563
Federal Farm Credit Bank	1,000,000	4.00%	N/A	08/11/11	4.00%	1,000,000		1,015,000.00	BNY Western Tr	1,018,750
Federal Home Loan Bank	1,000,000	3.25%	N/A	11/28/11	3.25%	1,000,000		1,014,062.50	BNY Western Tr	1,020,313
Federal Home Loan Bank	1,000,000	4.02%	N/A	12/23/11	4.02%	1,000,000	14,000,000	1,011,250.00	BNY Western Tr	1,014,698
<b>U.S. Gov't Agency Securities</b>										
Federal Home Loan Bank	1,000,000	4.00%	N/A	03/03/12	4.02%	1,000,000		1,019,687.50	BNY Western Tr	1,022,813
Federal Home Loan Mortgage Corporation	1,000,000	4.02%	N/A	06/25/12	4.02%	1,000,000		1,032,450.00	BNY Western Tr	1,034,350
Federal Home Loan Mortgage Corporation	1,000,000	4.00%	N/A	06/10/13	4.00%	1,000,000		1,010,360.00	BNY Western Tr	1,011,380
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	3,468,594	729,687.50	NationsBank	757,656
<b>Total Invested Cash</b>										
							\$ 93,689,916	\$ 94,641,344		\$ 85,250,931

Long Term Investment  
(3 years to 5 years)

**TREASURER'S MONTHLY REPORT  
MISCELLANEOUS AND TRUST ACCOUNTS  
JANUARY 31, 2009**

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
<b>Total Invested Cash</b>	\$ 93,689,976					\$ 93,689,976	\$ 93,689,976
<b>Miscellaneous Accounts</b>							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	11,630	N/A	N/A	open	none	11,630	
Trust & Agency - Bank of America	1,328,567	N/A	N/A	open	none	1,328,567	
Downpayment Assistance (Housing Fund) - Washington Mutual	33,650	variable	N/A	open	0.12%	33,650	
Workers Compensation - Bank of America	-17,191	N/A	N/A	open	none	-17,191	
General Liability - Bank of America	2,363	N/A	N/A	open	none	2,363	1,362,918
<b>Deposits Held In Trust</b>							
Time Deposits (FDIC Insured)	19,829	2.72%	N/A	6/24/2009	2.75%	19,829	19,829
Guaranty Bank (Coyote Springs Apt)							
<b>Total Cash Deposited</b>							\$ 95,072,723

**TREASURER'S MONTHLY REPORT**  
**BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS**  
**JANUARY 31, 2009**

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(enmas only) Market Value	Source	Prior Qtr. Market Value
1991/97/01/04 Convention Center AIM Government & Agency Portf Private	5,886,700	variable	AAA	open	0.36%	<u>5,886,700</u>	5,886,700	5,886,780	BNY Western Tr	5,883,253
1992/06 Airport AIM Government & Agency Portf Private	1,249,744	variable	AAA	open	0.36%	<u>1,249,744</u>	1,249,744	1,249,744	BNY Western Tr	1,468,389
1991/01 Series B - Housing AIM Government & Agency Portf Private	582,148	variable	AAA	open	0.36%	<u>582,148</u>	582,148	582,148	BNY Western Tr	477,422
1994/04 Series A & B AIM Government & Agency Portf Private	2,461,098	variable	AAA	open	0.36%	<u>2,461,098</u>		2,461,998	BNY Western Tr	2,471,777
MBIA Investment Agreement	1,651,456	5.17%	AAA	08/01/24	5.17%	<u>1,651,456</u>	4,112,554	1,651,456	BNY Western Tr	1,651,456
1998 Airport GARB Cash	217					<u>217</u>	217	217	BNY Western Tr	217
1998/08 Airport PFC AIM Government & Agency Portf Private	1,022,353	variable	AAA	open	0.36%	<u>1,022,353</u>	1,022,353	1,022,353	BNY Western Tr	1,746,275
1998 Assessment District 155 A&B AIM Government & Agency Portf Private	284,940	variable	AAA	open	0.36%	<u>284,940</u>	284,940	284,940	BNY Western Tr	284,773

**TREASURER'S MONTHLY REPORT**  
**BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS**  
**JANUARY 31, 2009**

202/23/09

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Cr. Market Value
2001 Assessment District 157/158 ADM Government & Agency Portf Private	186,868	variable	AAA	open	0.36%	<u>186,868</u>	186,868	186,868	BNY Western Tr	186,759
2002 Parking Structure Cash	3									
ADM Government & Agency Portf Private	11,848	variable	AAA	open	0.36%	<u>11,848</u>	11,851	11,848	BNY Western Tr	19,627
2004 Assessment District 161 ADM Government & Agency Portf Private	414,491	variable	AAA	open	0.36%	<u>414,491</u>	414,491	414,491	BNY Western Tr	414,248
2004 Assessment District 162 ADM Government & Agency Portf Private	161,572	variable	AAA	open	0.36%	<u>161,572</u>	161,572	161,572	BNY Western Tr	161,478
2005 Assessment District 164 ADM Government & Agency Portf Private	368,780	variable	AAA	open	0.36%	<u>368,780</u>	368,780	368,780	BNY Western Tr	368,564
2007 Merged Project #1 & #2 ADM Government & Agency Portf Private	10,674,650	variable	AAA	open	0.36%	<u>10,674,650</u>	10,674,650	10,674,650	BNY Western Tr	10,814,236
2007 Refunding Lease Revenue Bonds ADM Government & Agency Portf Private	93	variable	AAA	open	0.36%	<u>93</u>	93	93	BNY Western Tr	93
2008 Airport PFC Refunding ADM Government & Agency Portf Private	691,698	variable	AAA	open	0.36%	<u>691,698</u>	691,698	691,698	BNY Western Tr	647,944
<b>Totals</b>							<u>25,648,699</u>	<u>\$ 25,648,699</u>		<u>\$ 26,896,512</u>

TREASURER'S MONTHLY REPORT  
 CALCULATION OF INVESTMENT LIMITATIONS  
 JANUARY 31, 2009

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	Allowable Percentages		
	Minimum	Maximum	Current Mo.
<u>By Maturity:</u>			
1 day to 365 days	\$8,000,000	N/A	\$70,024,594
1 year to 3 years	0.00%	50.00%	21.53%
3 years to 5 years	0.00%	30.00%	3.20%
over 5 years	N/A	N/A	0.53%
<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%	2.07%
Corporate Notes	N/A	20.00%	2.97%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thrus	N/A	10.00%	5.42%
U.S. Government Agencies	N/A	50.00%	19.73%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%