



## City Council Staff Report

DATE: April 21, 2010 CONSENT CALENDAR  
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF  
March 31, 2010  
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 March 31, 2010. 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 \$91,739,744 plus \$21,707,429 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$92,190,515.

### RECOMMENDATION:

Receive and File Treasurer's Investment Report as of March 31, 2010.

### 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  
MARCH 31, 2010**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 2,588,053		
State Pool	<u>56,700,000</u>	\$ 59,288,053	64.63%
Short Term Investments (1 year or less)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	991,110		
Time Deposits	<u>940,000</u>	4,716,540	5.14%
Medium Term Investments (1 year to 3 years)			
Mortgage Pass-Thrus	242,708		
U.S. Gov't Agencies	<u>12,993,849</u>	13,236,556	14.43%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>14,498,594</u>	<u>14,498,594</u>	<u>15.80%</u>
		\$ <u><u>91,739,744</u></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  
 MARCH 31, 2010

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(Focus only) Market Value	Source	Price Qtr. Market Value
<b>On Call Deposits</b>										
Checking - Bank of America	\$	N/A	AAA	open	0.15%	\$ 2,588,054		\$	1 A/B	\$ 5,187,052
Local Agency Invest Fund (LAIF)	\$6,700,200	variable	N/A	open	0.50%	\$6,700,000	\$9,288,051	\$6,753,742		\$7,780,047
<b>Short Term Investments (1 year or less)</b>										
<b>Corporate Notes</b>										
Wells Fargo & Company	800,000	4.98%	AA-	10/29/10	4.20%	793,160		\$15,072	Bank of NY Mellon	831,500
SBC Communications, Inc	1,000,000	3.35%	A	11/15/10	5.17%	1,504,150		1,038,810	Bank of NY Mellon	1,039,560
Goldman Sachs Group, Inc.	1,200,000	5.02%	A	01/15/11	5.97%	986,120	2,785,430	1,032,350	Bank of NY Mellon	1,038,830
<b>Mortgage Pass-Throughs</b>										
Federal National Mortgage Association	2,700,000	4.50%	N/A	05/01/10	4.91%	0		0	Bank of NY Mellon	8,379
Federal National Mortgage Association	2,500,000	4.50%	N/A	02/01/10	4.40%	0		0	Bank of NY Mellon	123,262
Home Loan Mortgage Corporation	1,455,000	4.50%	N/A	02/01/10	5.22%	0		0	Bank of NY Mellon	134,001
Federal National Mortgage Association	1,000,000	4.04%	N/A	03/01/10	5.12%	0		0	Bank of NY Mellon	126,634
Federal Home Loan Mortgage Corporation	2,280,000	4.50%	N/A	05/01/10	5.29%	193,142		217,295	Bank of NY Mellon	320,792
Federal Home Loan Mortgage Corporation	1,370,000	5.02%	N/A	09/01/10	5.38%	139,513		145,708	Bank of NY Mellon	183,869
Federal National Mortgage Association	500,000	4.00%	N/A	10/01/10	4.95%	91,218		97,478	Bank of NY Mellon	111,167
Federal Home Loan Bank	775,000	4.73%	N/A	10/23/10	4.86%	361,306		373,187	Bank of NY Mellon	390,442
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	201,991	991,110	219,608	Bank of NY Mellon	259,721
<b>Time Deposits</b>										
CD Account Registry Service (CDARS)	900,500	2.30%	AAA	03/11/10	2.37%	0		0	Palin Desert Nat Bank	906,500
CD Account Registry Service (CDARS)	940,000	1.60%	AAA	07/15/10	1.61%	940,000	940,000	940,000	Palin Desert Nat Bank	940,000
<b>Mortgage Pass-Throughs (1 year to 3 years)</b>										
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	187,558		205,048	Bank of NY Mellon	211,521
Federal Home Loan Mortgage Corporation	700,000	4.30%	N/A	05/01/11	5.37%	53,360	342,708	58,261	Bank of NY Mellon	65,124

TREASURER'S MONTHLY REPORT  
 DETAIL OF INVESTMENTS  
 MARCH 31, 2010

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	Pur. Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(Income only) Market Value	Source	Price/Qty. Market Value
<b>U.S. Gov't Agency Securities</b>										
Federal Home Loan Bank	1,000,000	4.10%	N/A	06/24/11	4.10%	1,000,000		1,008,438	Bank of N Y Mellon	1,017,812
Federal Home Loan Bank	1,000,000	4.13%	N/A	06/24/11	4.13%	1,000,000		1,008,751	Bank of N Y Mellon	1,017,812
Federal Home Loan Bank	1,000,000	3.25%	N/A	11/28/11	3.25%	1,000,000		1,063,151	Bank of N Y Mellon	1,010,313
Federal Home Loan Mortgage Corporation	1,000,000	4.02%	N/A	06/25/12	4.02%	1,000,000		1,028,561	Bank of N Y Mellon	1,016,240
Federal Home Loan Bank	1,000,000	2.52%	N/A	06/29/12	2.50%	0		0	Bank of N Y Mellon	1,000,000
Federal Home Loan Bank	2,000,000	1.75%	N/A	10/29/12	1.75%	2,000,000		2,006,150	Bank of N Y Mellon	0
Federal Home Loan Bank	1,000,000	2.32%	N/A	12/24/12	2.30%	1,000,000		1,004,063	Bank of N Y Mellon	1,004,088
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	12/28/12	2.50%	1,000,000		1,016,970	Bank of N Y Mellon	1,010,560
Federal Home Loan Bank	2,000,000	2.06%	N/A	01/14/13	2.01%	2,000,000		2,001,250	Bank of N Y Mellon	0
Federal Home Loan Mortgage Corporation	1,000,000	2.24%	N/A	01/14/13	2.23%	1,000,000		1,003,032	Bank of N Y Mellon	998,130
Federal Home Loan Bank	2,000,000	2.06%	N/A	05/22/13	2.10%	1,993,849	12,983,819	1,996,875	Bank of N Y Mellon	0
<b>Long Term Investments (3 years to 5 years)</b>										
<b>U.S. Gov't Agency Securities</b>										
Federal Home Loan Bank	2,000,000	2.00%	N/A	06/24/15	2.00%	2,000,000		2,000,623	Bank of N Y Mellon	0
Federal Home Loan Bank	1,000,000	2.85%	N/A	08/19/15	2.85%	1,000,000		1,029,688	Bank of N Y Mellon	1,009,083
Federal Home Loan Mortgage Corporation	2,000,000	2.02%	N/A	09/11/13	2.00%	2,000,000		1,997,985	Bank of N Y Mellon	0
Federal Home Loan Bank	2,000,000	2.08%	N/A	12/23/13	2.28%	2,000,000		1,986,875	Bank of N Y Mellon	0
Federal Home Loan Bank	2,000,000	2.35%	N/A	08/17/14	2.35%	2,000,000		1,980,875	Bank of N Y Mellon	0
Federal National Mortgage Association	1,000,000	4.50%	N/A	08/25/14	4.50%	1,000,000		1,010,045	Bank of N Y Mellon	1,007,188
Federal Home Loan Mortgage Corporation	1,000,000	3.00%	N/A	11/25/14	3.00%	1,000,000		1,004,425	Bank of N Y Mellon	995,090
Federal National Mortgage Association	1,000,000	3.25%	N/A	11/21/14	3.25%	1,000,000		1,003,125	Bank of N Y Mellon	993,313
Federal Home Loan Bank	2,000,000	2.75%	N/A	12/11/14	2.75%	2,000,000		1,989,875	Bank of N Y Mellon	0
Financing Corporation (FICO)	500,000	9.86%	N/A	04/06/18	9.80%	498,594	14,488,594	671,406	National Bank	682,033
<b>Total Invested Cash</b>							\$ 91,739,744	\$ 92,190,515		\$ 82,444,549

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

Principal	Interest	Total
310,000	95,418	405,418
250,000	52,134	302,134
		SMG (Conviction Center)
		Palm Springs Historical Society

**TREASURER'S MONTHLY REPORT  
MISCELLANEOUS AND TRUST ACCOUNTS  
MARCH 31, 2010**

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
<b>Total Invested Cash</b>	\$ 91,739,744					\$ 91,739,744	\$ 91,739,744
<b>Miscellaneous Accounts</b>							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	12,390	N/A	N/A	open	none	12,390	
Trust & Agency - Bank of America	966,232	N/A	N/A	open	none	966,232	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,675	0.15%	N/A	open	0.15%	33,675	
Workers Compensation - Bank of America	-467	N/A	N/A	open	none	-467	
General Liability - Bank of America	66,163	N/A	N/A	open	none	66,163	
1930's General Store Museum	3,124	N/A	N/A	open	none	3,124	1,085,017
<b>Deposits Held In Trust</b>							
Time Deposits (FDIC Insured)	20,372	1.99%	N/A	6/24/10	2.00%	20,372	20,372
Guaranty Bank (Coyote Springs Apt)							
<b>Total Cash Deposited</b>							\$ 92,845,132

**TREASURER'S MONTHLY REPORT**  
**BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS**  
**MARCH 31, 2010**

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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
1992:06 Airport							5,869,695			
1992:06 Airport	1,847	variable	AAA	open	0.01%	1,847		1,847	Bank of NY Mellon	5,871,894
ALM Government & Agency Bond Private	5,465,000	4.13%	N/A	9/27/13	1.93%	5,867,848		5,847,550	Bank of NY Mellon	0
Federal Home Loan Mortgage Corporation										
1992:06 Airport										
1992:06 Airport	562,149	variable	AAA	open	0.01%	562,149		562,149	Bank of NY Mellon	1,469,006
ATM Government & Agency Bond Private	825,000	1.25%	N/A	5/15/13	1.43%	830,682		849,290	Bank of NY Mellon	0
U.S. Treasury Note										
1991:01 Series B - Housing							1,412,841			
1991:01 Series B - Housing	9,596	variable	AAA	open	0.01%	9,596		9,596	Bank of NY Mellon	473,998
ATM Government & Agency Bond Private	420,000	4.04%	N/A	10/10/12	1.38%	453,705		452,813	Bank of NY Mellon	0
Federal Home Loan Bank										
1991:01 Series A & B							463,291			
1991:01 Series A & B	114,668	variable	AAA	open	0.01%	114,668		114,668	Bank of NY Mellon	2,853,798
ALM Government & Agency Bond Private	965,000	4.13%	N/A	9/27/13	1.93%	1,036,134		1,032,350	Bank of NY Mellon	0
Federal Home Loan Mortgage Corporation										
Federal Home Loan Mortgage Corporation	571,000	4.13%	N/A	9/27/13	1.93%	612,081		610,970	Bank of NY Mellon	0
1998:08 Airport PFC							1,763,857			
1998:08 Airport PFC	522,450	variable	AAA	open	0.01%	522,450		522,450	Bank of NY Mellon	1,716,539
ALM Government & Agency Bond Private	818,000	1.25%	N/A	3/15/13	1.43%	913,374		912,621	Bank of NY Mellon	0
U.S. Treasury Note										
1998:08 Airport PFC							1,435,824			
1998:08 Airport PFC	147,285	variable	AAA	open	0.01%	147,285		147,285	Bank of NY Mellon	147,278
ALM Government & Agency Bond Private										
19% Assesment District 125 A&H										
19% Assesment District 125 A&H	187,075	variable	AAA	open	0.01%	187,075		187,075	Bank of NY Mellon	187,065
ATM Government & Agency Bond Private										
2001 Assessment District 157:1:58							187,075			
2001 Assessment District 157:1:58	4,071	variable	AAA	open	0.01%	5,021		4,071	Bank of NY Mellon	12,179
ATM Government & Agency Bond Private										
2002 Parking Structure							1,024			
2002 Parking Structure	3	variable	AAA	open	0.01%	5,021		4,071	Bank of NY Mellon	12,179
Cash										
ATM Government & Agency Bond Private										

**TREASURER'S MONTHLY REPORT  
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS  
MARCH 31, 2010**

04/13/10

	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 ADM Government & Agency Fund Private	412,621	variable	AAA	cont.	0.01%	412,621	412,621	412,521	Bank of NY Mellon	412,665
2004 Assessment District 162 ADM Governmental & Agency Fund Private	161,056	variable	AAA	open	0.01%	161,056	161,056	161,056	Bank of NY Mellon	161,067
2005 Assessment District 164 ADM Governmental & Agency Fund Private	367,167	variable	AAA	open	0.01%	367,167	367,167	367,167	Bank of NY Mellon	367,198
2007 Merged Project A1 & A2 ADM Governmental & Agency Fund Private	7,306,545	variable	AAA	open	0.01%	7,306,545	7,306,545	7,306,545	Bank of NY Mellon	7,336,746
2007 Refunding Lease Revenue Bonds ADM Government & Agency Fund Private	1,338,053	variable	AAA	open	0.01%	1,338,053	1,338,053	1,338,053	Bank of NY Mellon	1,338,053
2008 Airport PRT Refunding ADM Government & Agency Fund Private	416	variable	AAA	open	0.01%	416	416	416	Bank of NY Mellon	648,143
Federal Home Loan Mortgage Corporation	605,300	4.13%	NA	9/27/15	1.93%	607,450	647,866	645,210	Bank of NY Mellon	0
BRICA Radio System Lease Financial Square Federal Fund Service	170,193	variable	AAA	open	0.01%	170,193	170,193	170,193	Deutsche Bank	1,296,619
Funds With Century Golf	1,317,376					1,317,376	1,317,376	1,317,376	Century Golf	813,725
<b>Total</b>						<b>\$ 21,797,429</b>	<b>\$ 22,994,214</b>	<b>\$ 25,645,034</b>		

TREASURER'S MONTHLY REPORT  
 CALCULATION OF INVESTMENT LIMITATIONS  
 MARCH 31, 2010

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 04/13/10

	Allowable Percentages		Current Mo.
	Minimum	Maximum	
<u>By Maturity:</u>			
1 day to 365 days	\$8,000,000	N/A	\$64,004,593
1 year to 3 years	0.00%	50.00%	14.43%
3 years to 5 years	0.00%	30.00%	15.26%
over 5 years	N/A	N/A	0.54%
<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%	1.02%
Corporate Notes	N/A	20.00%	3.04%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thrus	N/A	10.00%	1.34%
U.S. Government Agencies	N/A	50.00%	29.97%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%