



## City Council Staff Report

DATE: June 2, 2010 CONSENT CALENDAR  
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF  
April 30, 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 April 30, 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 \$90,019,368 plus \$24,775,403 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$90,527,905.

### RECOMMENDATION:

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

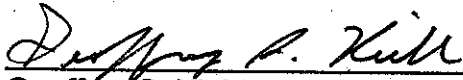
The investments, in type, maturity and as a percentage of the total portfolio, are in compliance with the existing City Council-approved investment policy with one exception: the FICO notes (\$500,000, 4/16/18, 9.8%) exceed the 5 year limitation on maturities (Detail of Investments, Long Term Investments,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

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

The weighted average maturity (WAM) of the portfolio is 369 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  
APRIL 30, 2010**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 1,997,889		
State Pool	<u>55,700,000</u>	\$ 57,697,889	64.09%
Short Term Investments (1 year or less)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	1,051,199		
Time Deposits	<u>940,000</u>	4,776,629	5.31%
Medium Term Investments (1 year to 3 years)			
Mortgage Pass-Thrus	52,407		
U.S. Gov't Agencies	<u>12,993,849</u>	13,046,255	14.49%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>14,498,594</u>	<u>14,498,594</u>	<u>16.11%</u>
		\$ <u>90,019,368</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  
APRIL 30, 2010**

	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%	\$ 1,997,889		\$ 1,997,889	L AIF	\$ 2,588,053
Local Agency Invest Fund (L AIF)*	55,700,000	variable	N/A	open	0.59%	55,700,000	57,697,889	55,765,898		\$ 56,753,742
<b>Short Term Investments (1 year or less)</b>										
<b>Corporate Notes</b>										
Wells Fargo & Company	800,000	3.98%	AA-	10/29/10	4.20%	795,160		812,568	Bank of NY Mellon	815,072
SBC Communications, Inc.	1,000,000	5.30%	A	11/15/10	5.17%	1,004,150		1,025,130	Bank of NY Mellon	1,028,810
Goldman Sachs Group, Inc.	1,000,000	5.00%	A	01/15/11	5.37%	986,120	2,785,430	1,023,650	Bank of NY Mellon	1,032,350
<b>Mortgage Pass-Thrus</b>										
Federal Home Loan Mortgage Corporation	2,280,000	4.50%	N/A	05/01/10	5.29%	101,843		123,608	Bank of NY Mellon	217,295
Federal Home Loan Mortgage Corporation	1,370,000	5.00%	N/A	09/01/10	5.35%	134,473		140,484	Bank of NY Mellon	145,708
Federal National Mortgage Association	500,000	4.00%	N/A	10/01/10	4.95%	85,147		91,280	Bank of NY Mellon	97,478
Federal Home Loan Bank	775,000	4.75%	N/A	10/25/10	4.88%	354,096		365,334	Bank of NY Mellon	373,187
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	198,184		213,401	Bank of NY Mellon	219,608
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	177,456	1,051,199	194,567	Bank of NY Mellon	205,048
<b>Time Deposits</b>										
CD Account Registry Service (CDARS)	940,000	1.60%	AAA	07/15/10	1.61%	940,000	940,000	940,000	Palm Desert Nat. Bank	940,000
<b>Medium Term Investments (1 year to 3 years)</b>										
<b>Mortgage Pass-Thrus</b>										
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	52,407	52,407	55,631	Bank of NY Mellon	58,261

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**TREASURER'S MONTHLY REPORT  
DETAIL OF INVESTMENTS  
APRIL 30, 2010**

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
<b>U.S. Govt Agency Securities</b>										
Federal Home Loan Bank	1,000,000	4.10%	N/A	06/24/11	4.10%	1,000,000		1,003,313	Bank of NY Mellon	1,008,438
Federal Home Loan Bank	1,000,000	4.13%	N/A	06/24/11	4.13%	1,000,000		1,005,313	Bank of NY Mellon	1,008,750
Federal Home Loan Bank	1,000,000	3.25%	N/A	11/28/11	3.25%	1,000,000		1,001,363	Bank of NY Mellon	1,003,750
Federal Home Loan Mortgage Corporation	1,000,000	4.02%	N/A	06/25/12	4.02%	1,000,000		1,004,960	Bank of NY Mellon	1,008,060
Federal Home Loan Bank	2,000,000	1.75%	N/A	10/29/12	1.75%	2,000,000		2,009,375	Bank of NY Mellon	2,006,250
Federal Home Loan Bank	1,000,000	2.30%	N/A	12/24/12	2.30%	1,000,000		1,002,500	Bank of NY Mellon	1,004,063
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	12/28/12	2.50%	1,000,000		1,017,860	Bank of NY Mellon	1,016,970
Federal Home Loan Bank	2,000,000	2.00%	N/A	01/14/13	2.00%	2,000,000		2,009,375	Bank of NY Mellon	2,001,250
Federal Home Loan Mortgage Corporation	1,000,000	2.25%	N/A	01/30/13	2.25%	1,000,000		1,003,530	Bank of NY Mellon	1,003,630
Federal Farm Credit Bank	2,000,000	2.00%	N/A	03/22/13	2.10%	1,993,849	12,993,849	2,000,000	Bank of NY Mellon	1,996,875
<b>Long Term Investment (3 years to 5 years)</b>										
<b>U.S. Govt Agency Securities</b>										
Federal Home Loan Bank	2,000,000	2.00%	N/A	06/24/13	2.00%	2,000,000		2,008,750	Bank of NY Mellon	2,000,625
Federal Home Loan Bank	1,000,000	2.85%	N/A	08/19/13	2.85%	1,000,000		1,007,813	Bank of NY Mellon	1,009,688
Federal Home Loan Mortgage Corporation	2,000,000	2.00%	N/A	09/11/13	2.00%	2,000,000		2,003,840	Bank of NY Mellon	1,997,980
Federal Home Loan Bank	2,000,000	2.08%	N/A	12/23/13	2.08%	2,000,000		2,000,000	Bank of NY Mellon	1,986,875
Federal Home Loan Bank	2,000,000	2.35%	N/A	03/17/14	2.35%	2,000,000		2,000,625	Bank of NY Mellon	1,986,875
Federal National Mortgage Association	1,000,000	3.50%	N/A	08/25/14	3.50%	1,000,000		1,009,375	Bank of NY Mellon	1,010,000
Federal Home Loan Mortgage Corporation	1,000,000	3.00%	N/A	11/05/14	3.00%	1,000,000		1,008,900	Bank of NY Mellon	1,004,420
Federal National Mortgage Association	1,000,000	3.25%	N/A	11/12/14	3.25%	1,000,000		1,000,625	Bank of NY Mellon	1,003,125
Federal Farm Credit Bank	2,000,000	2.75%	N/A	12/11/14	2.75%	2,000,000		1,998,125	Bank of NY Mellon	1,986,875
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	14,498,594	680,625	NationsBank	671,405
<b>Total Invested Cash</b>										
							\$ 90,019,368	\$ 90,527,905		\$ 92,190,515

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

	Principal	Interest	Total
SMG (Convention Center)	100,000	95,513	195,513
Palm Springs Historical Society	250,000	52,280	302,280

TREASURER'S MONTHLY REPORT  
MISCELLANEOUS AND TRUST ACCOUNTS  
APRIL 30, 2010

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
<b>Total Invested Cash</b>	\$ 90,019,368					\$ 90,019,368	\$ 90,019,368
<b>Miscellaneous Accounts</b>							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	12,590	N/A	N/A	open	none	12,590	
Trust & Agency - Bank of America	2,104,890	N/A	N/A	open	none	2,104,890	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,680	0.15%	N/A	open	0.15%	33,680	
Workers Compensation - Bank of America	4,692	N/A	N/A	open	none	4,692	
General Liability - Bank of America	37,486	N/A	N/A	open	none	37,486	
1930's General Store Museum	1,986	N/A	N/A	open	none	1,986	2,199,224
<b>Deposits Held in Trust</b>							
Time Deposits (FDIC Insured)							
Guaranty Bank (Coyote Springs Apt)	20,372	1.99%	N/A	6/24/10	2.00%	20,372	20,372
<b>Total Cash Deposited</b>							\$ 92,238,963

**TREASURER'S MONTHLY REPORT  
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS  
APRIL 30, 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
<b>1991/97/01/04 Convention Center</b>										
Invesco Government & Agency Private	2,146,326	variable	AAA	open	0.01%	2,146,326		2,146,326	Bank of NY Mellon	1,847
Federal Home Loan Mortgage Corporation	5,465,000	4.13%	N/A	9/27/13	1.93%	<u>5,867,848</u>	8,014,174	5,859,505	Bank of NY Mellon	5,847,550
<b>1992/06 Airport</b>										
Invesco Government & Agency Private	639,927	variable	AAA	open	0.01%	639,927		639,927	Bank of NY Mellon	562,149
U.S. Treasury Note	835,000	1.38%	N/A	3/15/13	1.55%	<u>850,692</u>	1,490,619	853,196	Bank of NY Mellon	849,950
<b>1991/01 Series B - Housing</b>										
Invesco Government & Agency Private	14,909	variable	AAA	open	0.01%	14,909		14,909	Bank of NY Mellon	9,586
Federal Home Loan Bank	420,000	4.63%	N/A	10/10/12	1.38%	<u>453,705</u>	468,514	452,813	Bank of NY Mellon	452,813
<b>1994/04 Series A &amp; B</b>										
Invesco Government & Agency Private	114,702	variable	AAA	open	0.01%	114,702		114,702	Bank of NY Mellon	114,668
Federal Home Loan Mortgage Corporation	965,000	4.13%	N/A	9/27/13	1.93%	1,036,134		1,034,661	Bank of NY Mellon	1,032,550
Federal Home Loan Mortgage Corporation	571,000	4.13%	N/A	9/27/13	1.93%	<u>613,091</u>	1,763,927	612,219	Bank of NY Mellon	610,970
<b>1998/08 Airport FFC</b>										
Invesco Government & Agency Private	695,707	variable	AAA	open	0.01%	695,707		695,707	Bank of NY Mellon	522,450
U.S. Treasury Note	918,000	1.38%	N/A	3/15/13	1.55%	<u>913,374</u>	1,609,081	916,063	Bank of NY Mellon	912,621
<b>1998 Assessment District 155 A&amp;B</b>										
Invesco Government & Agency Private	147,288	variable	AAA	open	0.01%	<u>147,288</u>	147,288	147,288	Bank of NY Mellon	147,285
<b>2001 Assessment District 157/158</b>										
Invesco Government & Agency Private	187,078	variable	AAA	open	0.01%	<u>187,078</u>	187,078	187,078	Bank of NY Mellon	187,075
<b>2002 Parking Structure</b>										
Cash	3					3		3	Bank of NY Mellon	0
Invesco Government & Agency Private	15	variable	AAA	open	0.01%	<u>15</u>	18	15	Bank of NY Mellon	4,021

**TREASURER'S MONTHLY REPORT**  
**BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS**  
**APRIL 30, 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
<b>2004 Assessment District 161</b>										
Invesco Government & Agency Private	83,389	variable	AAA	open	0.01%	83,389		83,389	Bank of NY Mellon	412,621
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	115,105		115,763	Bank of NY Mellon	0
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	211,607	410,101	213,088	Bank of NY Mellon	0
<b>2004 Assessment District 162</b>										
Invesco Government & Agency Private	66,893	variable	AAA	open	0.01%	66,893		66,893	Bank of NY Mellon	161,056
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	93,846	160,738	94,081	Bank of NY Mellon	0
<b>2005 Assessment District 164</b>										
Invesco Government & Agency Private	95,038	variable	AAA	open	0.01%	95,038		95,038	Bank of NY Mellon	367,167
Citizens Bank, Flint, Michigan	245,000	1.85%	N/A	3/4/13	1.80%	245,347		245,000	Bank of NY Mellon	0
Capital One Bank USA National Association	25,000	4.15%	N/A	3/5/13	1.80%	26,661	367,045	26,728	Bank of NY Mellon	0
<b>2007 Merged Project #1 &amp; #2</b>										
Invesco Government & Agency Private	7,276,537	variable	AAA	open	0.01%	7,276,537		7,276,537	Bank of NY Mellon	7,306,545
<b>2007 Refunding Lease Revenue Bonds</b>										
Invesco Government & Agency Private	9	variable	AAA	open	0.01%	9		9	Bank of NY Mellon	1,358,053
<b>2008 Airport PFC Refunding</b>										
Invesco Government & Agency Private	416	variable	AAA	open	0.01%	416		416	Bank of NY Mellon	416
Federal Home Loan Mortgage Corporation	603,000	4.13%	N/A	9/27/13	1.93%	647,450	647,866	646,529	Bank of NY Mellon	645,210
<b>ERICA Radio System Lease</b>										
Financial Square Federal Fund Service	170,195	variable	AAA	open	0.01%	170,195		170,195	Deutsche Bank	170,193
Funds With Century Golf	2,062,114					2,062,114		2,062,114	Century Golf	1,317,376
<b>Totals</b>							<b>\$ 24,775,403</b>	<b>\$ 24,770,188</b>		<b>\$ 22,994,214</b>



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TREASURER'S MONTHLY REPORT  
CALCULATION OF INVESTMENT LIMITATIONS

APRIL 30, 2010

	Allowable Percentages		Current Mo.
	Minimum	Maximum	
<u>By Maturity:</u>			
1 day to 365 days	\$8,000,000	N/A	\$62,474,518
1 year to 3 years	0.00%	50.00%	14.49%
3 years to 5 years	0.00%	30.00%	15.56%
over 5 years	N/A	N/A	0.55%

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%	1.04%
Corporate Notes	N/A	20.00%	3.09%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thrus	N/A	10.00%	1.23%
U.S. Government Agencies	N/A	50.00%	30.54%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%