



City Council Staff Report

DATE: November 3, 2010 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
SEPTEMBER 30, 2010
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, 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 \$82,167,760 plus \$21,308,207 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$82,707,844.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of September 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 436 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, 2010**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 1,045,640		
State Pool	<u>52,200,000</u>	\$ 53,245,640	64.80%
Short Term Investments (1 year or less)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	640,596		
Time Deposits	<u>0</u>	3,426,026	4.17%
Medium Term Investments (1 year to 3 years)			
U.S. Gov't Agencies	<u>6,000,000</u>	6,000,000	7.30%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>19,496,094</u>	<u>19,496,094</u>	<u>23.73%</u>
	\$	<u><u>82,167,760</u></u>	<u><u>100.00%</u></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, 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
(On Call Deposits)										
Checking - Bank of America	N/A	variable	AAA	open	0.15%	\$ 1,045,640		\$ 1,045,640		\$ 1,868,573
Local Agency Invest Fund (L.AIF)*	52,200,000	variable	N/A	open	0.51%	52,200,000	53,245,640	52,285,805	L.AIF	79,794,292
(Short Term Investments (1 year or less))										
Corporate Notes										
Wells Fargo & Company	800,000	3.98%	AA-	10/29/10	4.20%	795,160		801,968	Bank of NY Mellon	806,560
SBC Communications, Inc.	1,000,000	5.30%	A	11/15/10	5.17%	1,004,150		1,005,260	Bank of NY Mellon	1,015,860
Goldman Sachs Group, Inc.	1,000,000	5.00%	A	01/15/11	5.37%	986,120	2,785,430	1,011,800	Bank of NY Mellon	1,015,220
Mortgage Pass-Thrus										
Federal Home Loan Mortgage Corporation	1,370,000	5.00%	N/A	09/01/10	5.35%	0		0	Bank of NY Mellon	127,190
Federal National Mortgage Association	500,000	4.00%	N/A	10/01/10	4.95%	0		2,747	Bank of NY Mellon	78,962
Federal Home Loan Bank	775,000	4.75%	N/A	10/25/10	4.88%	314,980		317,615	Bank of NY Mellon	347,767
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	159,333		172,920	Bank of NY Mellon	198,696
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	127,212		142,616	Bank of NY Mellon	171,000
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	39,072	640,596	42,123	Bank of NY Mellon	50,787
Time Deposits										
CD Account Registry Service (CDARS)	940,000	1.60%	AAA	07/15/10	1.61%	0	0	0	Palm Desert Nat. Bank	940,000

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

**Medium Term Investments
(1 year to 3 years)**

U.S. Gov't Agency Securities

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
Federal Home Loan Bank	2,000,000	1.75%	N/A	10/29/12	1.75%	2,000,000		2,001,875	Bank of NY Mellon	2,008,125
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	12/28/12	2.50%	1,000,000		1,015,070	Bank of NY Mellon	1,018,570
Federal Farm Credit Bank	2,000,000	2.00%	N/A	01/14/13	2.00%	2,000,000		2,007,500	Bank of NY Mellon	2,013,750
Federal Home Loan Mortgage Corporation	1,000,000	1.10%	N/A	01/22/13	1.10%	1,000,000		1,004,070	Bank of NY Mellon	0
Federal Home Loan Mortgage Corporation	1,000,000	2.25%	N/A	01/30/13	2.25%	0		0	Bank of NY Mellon	1,001,230
Federal Home Loan Bank	2,000,000	2.00%	N/A	06/24/13	2.00%	0		0	Bank of NY Mellon	2,006,875
Federal Home Loan Bank	1,000,000	2.85%	N/A	08/19/13	2.85%	0		0	Bank of NY Mellon	1,003,125
							6,000,000			

**Long Term Investment
(3 years to 5 years)**

U.S. Gov't Agency Securities

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
Federal Home Loan Bank	2,000,000	2.08%	N/A	12/23/13	2.08%	2,000,000		2,008,125	Bank of NY Mellon	2,016,875
Federal Home Loan Mortgage Corporation	1,000,000	1.63%	N/A	01/21/14	1.63%	1,000,000		1,008,580	Bank of NY Mellon	0
Federal National Mortgage Association	1,000,000	1.60%	N/A	01/29/14	1.60%	1,000,000		1,008,438	Bank of NY Mellon	0
Federal Home Loan Bank	2,000,000	2.35%	N/A	03/17/14	2.35%	2,000,000		2,017,500	Bank of NY Mellon	2,025,625
Federal Farm Credit Bank	1,000,000	1.77%	N/A	07/08/14	1.77%	1,000,000		1,007,500	Bank of NY Mellon	0
Federal National Mortgage Association	1,000,000	2.00%	N/A	07/22/14	2.00%	1,000,000		1,000,958	Bank of NY Mellon	0
Federal National Mortgage Association	1,000,000	3.50%	N/A	08/25/14	3.50%	0		0	Bank of NY Mellon	1,004,375
Federal Home Loan Mortgage Corporation	1,000,000	3.00%	N/A	11/05/14	3.00%	1,000,000		1,002,570	Bank of NY Mellon	1,009,240
Federal National Mortgage Association	1,000,000	2.05%	N/A	01/13/15	2.05%	1,000,000		1,012,188	Bank of NY Mellon	0
Federal Home Loan Mortgage Corporation	1,000,000	2.38%	N/A	07/20/15	2.38%	1,000,000		1,005,200	Bank of NY Mellon	0
Federal Home Loan Bank	1,000,000	2.35%	N/A	07/21/15	2.35%	1,000,000		1,005,313	Bank of NY Mellon	0
Federal National Mortgage Association	1,000,000	2.25%	N/A	07/22/15	2.25%	997,500		1,007,500	Bank of NY Mellon	0
Federal Home Loan Bank	1,000,000	1.88%	N/A	08/17/15	1.88%	1,000,000		1,005,625	Bank of NY Mellon	0
Federal Home Loan Mortgage Corporation	1,000,000	2.00%	N/A	08/25/15	2.00%	1,000,000		1,003,750	Bank of NY Mellon	0
Federal Farm Credit Bank	2,000,000	1.95%	N/A	09/30/15	1.95%	2,000,000		2,008,125	Bank of NY Mellon	0
Federal National Mortgage Association	2,000,000	2.00%	N/A	09/30/15	2.00%	2,000,000		1,998,750	Bank of NY Mellon	0
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594		750,734	Bank of America	715,000
							19,496,094			

Total Invested Cash

\$ 82,167,760 \$ 82,707,844 \$ 102,237,698

*Includes the following deposits of non-City funds:

	Principal	Interest	Total
SMG (Convention Center)	100,000	95,945	195,945
Palm Springs Historical Society	250,000	52,948	302,948

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

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 82,167,760					\$ 82,167,760	\$ 82,167,760
Miscellaneous Accounts							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	20,000	N/A	N/A	open	none	20,000	
Trust & Agency - Bank of America	1,438,952	N/A	N/A	open	none	1,438,952	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,701	0.15%	N/A	open	0.15%	33,701	
Workers Compensation - Bank of America	4,404	N/A	N/A	open	none	4,404	
General Liability - Bank of America	23,766	N/A	N/A	open	none	23,766	
1930's General Store Museum - Bank of America	3,338	N/A	N/A	open	none	3,338	1,528,061
Deposits Held In Trust							
Time Deposits (FDIC Insured)	20,777	1.09%	N/A	6/24/11	1.09%	20,777	20,777
BBVA Compass (Coyote Springs Apt)							
Total Cash Deposited							\$ 83,716,598

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
SEPTEMBER 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
1991/97/01/04 Convention Center										
Invesco Government & Agency Private	113,557	variable	AAA	open	0.02%	113,557		113,557	Bank of NY Mellon	841
Federal Home Loan Mortgage Corporation	5,465,000	4.13%	N/A	9/27/13	1.93%	<u>5,867,848</u>	5,981,405	5,994,422	Bank of NY Mellon	5,938,538
1991/01 Series B - Housing										
Invesco Government & Agency Private	14,910	variable	AAA	open	0.01%	14,910		14,910	Bank of NY Mellon	14,909
Federal Home Loan Bank	420,000	4.63%	N/A	10/10/12	1.38%	<u>453,705</u>	468,615	454,781	Bank of NY Mellon	455,963
1994/04 Series A & B										
Invesco Government & Agency Private	32,360	variable	AAA	open	0.02%	32,360		32,360	Bank of NY Mellon	1,610
Federal Home Loan Mortgage Corporation	965,000	4.13%	N/A	9/27/13	1.93%	1,036,134		1,058,484	Bank of NY Mellon	1,052,152
Federal Home Loan Mortgage Corporation	571,000	4.13%	N/A	9/27/13	1.93%	<u>613,091</u>	1,681,585	626,316	Bank of NY Mellon	622,568
1998 Airport PFC										
Invesco Government & Agency Private	388,794	variable	AAA	open	0.02%	388,794		388,794	Bank of NY Mellon	1,042,199
U.S. Treasury Note	918,000	1.38%	N/A	3/15/13	1.55%	<u>913,374</u>	1,302,168	936,865	Bank of NY Mellon	929,905
1998 Assessment District 155 A&B										
Invesco Government & Agency Private	147,300	variable	AAA	open	0.02%	<u>147,300</u>	147,300	147,300	Bank of NY Mellon	147,293
2001 Assessment District 157/158										
Invesco Government & Agency Private	176,388	variable	AAA	open	0.02%	<u>176,388</u>	176,388	176,388	Bank of NY Mellon	187,084
2002 Parking Structure										
Cash	3					3		3	Bank of NY Mellon	3
Invesco Government & Agency Private	3,680	variable	AAA	open	0.01%	<u>3,680</u>	3,683	3,680	Bank of NY Mellon	3,881

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
SEPTEMBER 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
2004 Assessment District 161										
Invesco Government & Agency Private	62,623	variable	AAA	open	0.01%	62,623		62,623	Bank of NY Mellon	85,709
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	115,105		116,740	Bank of NY Mellon	116,402
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	211,607	389,356	216,273	Bank of NY Mellon	214,868
2004 Assessment District 162										
Invesco Government & Agency Private	64,577	variable	AAA	open	0.01%	64,577		64,577	Bank of NY Mellon	66,895
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	93,846	158,422	95,301	Bank of NY Mellon	94,827
2005 Assessment District 164										
Invesco Government & Agency Private	92,916	variable	AAA	open	0.01%	92,916		92,916	Bank of NY Mellon	95,799
Citizens Bank, Flint, Michigan	245,000	1.85%	N/A	3/4/13	1.80%	245,347		245,000	Bank of NY Mellon	245,000
Capital One Bank USA National Association	25,000	4.15%	N/A	3/5/13	1.80%	26,661	364,923	27,074	Bank of NY Mellon	26,940
2006 Airport PFC										
Invesco Government & Agency Private	547,245	variable	AAA	open	0.02%	547,245		547,245	Bank of NY Mellon	1,022,038
U.S. Treasury Note	855,000	1.38%	N/A	3/15/13	1.55%	850,692		872,570	Bank of NY Mellon	866,088
2007 Merged Project #1 & #2										
Invesco Government & Agency Private	6,841,729	variable	AAA	open	0.02%	6,841,729	1,397,937	6,841,729	Bank of NY Mellon	7,245,208
2007 Refunding Lease Revenue Bonds										
Invesco Government & Agency Private	378,850	variable	AAA	open	0.02%	378,850	378,850	378,850	Bank of NY Mellon	9
2008 Airport PFC Refunding										
Invesco Government & Agency Private	12,854	variable	AAA	open	0.01%	12,854		12,854	Bank of NY Mellon	416
Federal Home Loan Mortgage Corporation	603,000	4.13%	N/A	9/27/13	1.93%	647,450	660,304	661,416	Bank of NY Mellon	657,458
ERICA Radio System Lease										
Financial Square Federal Fmd Service	170,198	variable	AAA	open	0.01%	0	0	0	Deutsche Bank	170,197
Funds With Century Golf										
	1,355,563					1,355,563	1,355,563	1,355,563	Century Golf	1,883,303
Totals							\$ 21,308,207	\$ 21,538,591		\$ 23,208,143

TREASURER'S MONTHLY REPORT
 CALCULATION OF INVESTMENT LIMITATIONS
 SEPTEMBER 30, 2010

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	Allowable Percentages			Current Mo.
	Minimum	Maximum		
<u>By Maturity:</u>				
1 day to 365 days	\$8,000,000	N/A		\$56,671,666
1 year to 3 years	0.00%	50.00%		7.30%
3 years to 5 years	0.00%	30.00%		23.12%
over 5 years	N/A	N/A		0.61%

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%		0.00%
Corporate Notes	N/A	20.00%		3.39%
Money Market Mutual Funds	N/A	10.00%		0.00%
Mortgage Pass Thrus	N/A	10.00%		7.78%
U.S. Government Agencies	N/A	50.00%		31.03%
U.S. Treasury Notes/Bonds	N/A	N/A		0.00%