



City Council Staff Report

DATE: December 1, 2010 CONSENT CALENDAR

SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
OCTOBER 31, 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 October 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 \$77,135,348 plus \$24,560,584 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$77,666,404.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of October 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.

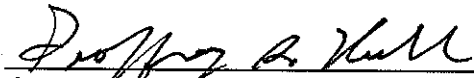
The investments, in type, maturity and as a percentage of the total portfolio, are in compliance with the existing City Council-approved investment policy with one exception: the FICO notes (\$500,000, 4/16/18, 9.8%) exceed the 5 year limitation on maturities (Detail of Investments, Long Term Investments,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

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

The weighted average maturity (WAM) of the portfolio is 463 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
OCTOBER 31, 2010

<u>On Call Deposits</u>	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 3,638,891		
State Pool	<u>46,700,000</u>	\$ 50,338,891	65.26%
<u>Short Term Investments (1 year or less)</u>			
Corporate Notes	1,990,270		
Mortgage Pass-Thrus	<u>310,093</u>	2,300,363	2.98%
<u>Medium Term Investments (1 year to 3 years)</u>			
U.S. Gov't Agencies	<u>4,000,000</u>	4,000,000	5.19%
<u>Long Term Investments (3 years to 5 years)</u>			
U.S. Gov't Agencies	<u>20,496,094</u>	<u>20,496,094</u>	<u>26.57%</u>
		\$ <u>77,135,348</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
OCTOBER 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
On Call Deposits										
Checking - Bank of America	N/A	variable	AAA	open	0.15%	3,638,891		3,638,891		1,045,640
Local Agency Invest Fund (LAIF)*	46,700,000	variable	N/A	open	0.48%	46,700,000	50,338,891	46,789,424	LAIF	52,285,805
Short Term Investments (1 year or less)										
Corporate Notes										
Wells Fargo & Company	800,000	3.98%	AA-	10/29/10	4.20%	0		0	Bank of NY Mellon	801,968
SBC Communications, Inc.	1,000,000	5.30%	A	11/15/10	5.17%	1,004,150		1,001,150	Bank of NY Mellon	1,005,260
Goldman Sachs Group, Inc.	1,000,000	5.00%	A	01/15/11	5.37%	986,120	1,990,270	1,008,610	Bank of NY Mellon	1,011,800
Mortgage Pass-Through										
Federal National Mortgage Association	500,000	4.00%	N/A	10/01/10	4.95%	0		0	Bank of NY Mellon	2,747
Federal Home Loan Bank	775,000	4.75%	N/A	10/25/10	4.88%	0		0	Bank of NY Mellon	317,615
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	149,795		163,060	Bank of NY Mellon	172,920
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	123,504		138,798	Bank of NY Mellon	142,616
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	36,794	310,093	39,807	Bank of NY Mellon	42,123
Medium Term Investments (1 year to 3 years)										
U.S. Gov't Agency Securities										
Federal Home Loan Bank	2,000,000	1.75%	N/A	10/29/12	1.75%	0		0	Bank of NY Mellon	2,001,875
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	12/28/12	2.50%	1,000,000		1,013,990	Bank of NY Mellon	1,015,070
Federal Farm Credit Bank	2,000,000	2.00%	N/A	01/14/13	2.00%	2,000,000		2,006,250	Bank of NY Mellon	2,007,500
Federal Home Loan Mortgage Corporation	1,000,000	1.10%	N/A	01/22/13	1.10%	1,000,000	4,000,000	1,004,375	Bank of NY Mellon	1,004,070

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

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		2,005,000	Bank of NY Mellon	2,008,125
Federal Home Loan Mortgage Corporation	1,000,000	1.63%	N/A	01/21/14	1.63%	1,000,000		1,008,610	Bank of NY Mellon	1,008,580
Federal National Mortgage Association	1,000,000	1.60%	N/A	01/29/14	1.60%	1,000,000		1,008,750	Bank of NY Mellon	1,008,438
Federal Home Loan Bank	2,000,000	2.35%	N/A	03/17/14	2.35%	2,000,000		2,015,625	Bank of NY Mellon	2,017,500
Federal Farm Credit Bank	1,000,000	1.77%	N/A	07/08/14	1.77%	1,000,000		1,009,375	Bank of NY Mellon	1,007,500
Federal National Mortgage Association	1,000,000	2.00%	N/A	07/22/14	2.00%	0		0	Bank of NY Mellon	1,000,938
Federal Home Loan Mortgage Corporation	1,000,000	3.00%	N/A	11/05/14	3.00%	1,000,000		1,000,320	Bank of NY Mellon	1,002,570
Federal National Mortgage Association	1,000,000	2.05%	N/A	01/13/15	2.05%	1,000,000		1,012,813	Bank of NY Mellon	1,012,188
Federal Home Loan Bank	1,000,000	2.38%	N/A	07/20/15	2.38%	1,000,000		1,004,040	Bank of NY Mellon	1,005,200
Federal Home Loan Mortgage Corporation	1,000,000	2.35%	N/A	07/21/15	2.35%	1,000,000		1,004,063	Bank of NY Mellon	1,005,313
Federal National Mortgage Association	1,000,000	2.25%	N/A	07/22/15	2.20%	997,500		1,010,000	Bank of NY Mellon	1,007,500
Federal Farm Credit Bank	1,000,000	1.88%	N/A	08/17/15	1.88%	1,000,000		1,004,688	Bank of NY Mellon	1,005,625
Federal Home Loan Mortgage Corporation	1,000,000	2.00%	N/A	08/25/15	2.00%	1,000,000		1,004,330	Bank of NY Mellon	1,003,750
Federal Farm Credit Bank	2,000,000	2.00%	N/A	09/30/15	1.99%	2,000,000		2,011,875	Bank of NY Mellon	2,008,125
Federal National Mortgage Association	2,000,000	2.00%	N/A	09/30/15	2.00%	2,000,000		2,008,125	Bank of NY Mellon	1,998,750
Federal Home Loan Bank	2,000,000	2.00%	N/A	10/05/15	2.00%	2,000,000		2,001,875	Bank of NY Mellon	0
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	20,496,094	752,562	Bank of America	750,734
Total Invested Cash							\$ 77,135,348	\$ 77,666,404		\$ 82,707,844

*Includes the following deposits of non-city funds:

	Principal	Interest	Total
SMG (Convention Center)	100,000	96,025	196,025
Palm Springs Historical Society	250,000	53,071	303,071

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

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 77,135,348					\$ 77,135,348	\$ 77,135,348
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	1,426,605	N/A	N/A	open	none	1,426,605	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,705	0.15%	N/A	open	0.15%	33,705	
Workers Compensation - Bank of America	12,296	N/A	N/A	open	none	12,296	
General Liability - Bank of America	19,942	N/A	N/A	open	none	19,942	
1930's General Store Museum - Bank of America	2,564	N/A	N/A	open	none	2,564	1,519,012
Deposits Held In Trust							
Time Deposits (FDIC Insured)							
BBVA Compass (Coyote Springs Apt)	20,777	1.09%	N/A	6/24/11	1.09%	20,777	20,777
Total Cash Deposited							\$ 78,675,137

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
OCTOBER 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
1991/97/01/04 Convention Center										
Invesco Government & Agency Private	3,706,896	variable	AAA	open	0.02%	3,706,896		3,706,896	Bank of NY Mellon	113,557
Federal Home Loan Mortgage Corporation	5,465,000	4.13%	N/A	9/27/13	1.93%	<u>5,867,848</u>	9,574,744	6,016,623	Bank of NY Mellon	5,994,422
1991/01 Series B - Housing										
Invesco Government & Agency Private	24,623	variable	AAA	open	0.01%	24,623		24,623	Bank of NY Mellon	14,910
Federal Home Loan Bank	420,000	4.63%	N/A	10/10/12	1.38%	<u>453,705</u>	478,328	454,781	Bank of NY Mellon	454,781
1994/04 Series A & B										
Invesco Government & Agency Private	32,360	variable	AAA	open	0.02%	32,360		32,360	Bank of NY Mellon	32,360
Federal Home Loan Mortgage Corporation	965,000	4.13%	N/A	9/27/13	1.93%	<u>1,036,134</u>		1,062,405	Bank of NY Mellon	1,038,484
Federal Home Loan Mortgage Corporation	571,000	4.13%	N/A	9/27/13	1.93%	<u>613,091</u>	1,681,585	628,635	Bank of NY Mellon	626,316
1998 Airport PFC										
Invesco Government & Agency Private	459,533	variable	AAA	open	0.02%	459,533		459,533	Bank of NY Mellon	388,794
U.S. Treasury Note	918,000	1.38%	N/A	3/15/13	1.55%	<u>913,374</u>	1,372,907	938,798	Bank of NY Mellon	936,865
1998 Assessment District 155 A&B										
Invesco Government & Agency Private	147,302	variable	AAA	open	0.02%	<u>147,302</u>	147,302	147,302	Bank of NY Mellon	147,300
2001 Assessment District 157/158										
Invesco Government & Agency Private	176,391	variable	AAA	open	0.02%	<u>176,391</u>	176,391	176,391	Bank of NY Mellon	176,388
2002 Parking Structure										
Cash	3					3		3	Bank of NY Mellon	3
Invesco Government & Agency Private	3,582	variable	AAA	open	0.01%	<u>3,582</u>	3,585	3,582	Bank of NY Mellon	3,680
2004 Assessment District 161										
Invesco Government & Agency Private	62,624	variable	AAA	open	0.01%	62,624		62,624	Bank of NY Mellon	62,623
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	<u>115,105</u>		116,734	Bank of NY Mellon	116,740
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	<u>211,607</u>	389,337	216,496	Bank of NY Mellon	216,273
2004 Assessment District 162										

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
OCTOBER 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
Invesco Government & Agency Private	64,577	variable	AAA	open	0.01%	64,577		64,577	Bank of NY Mellon	64,577
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	93,846	158,423	95,352	Bank of NY Mellon	95,301
2005 Assessment District 164										
Invesco Government & Agency Private	93,289	variable	AAA	open	0.01%	93,289		93,289	Bank of NY Mellon	92,916
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	365,297	27,089	Bank of NY Mellon	27,074
2006 Airport PFC										
Invesco Government & Agency Private	677,232	variable	AAA	open	0.02%	677,232		677,232	Bank of NY Mellon	547,245
U.S. Treasury Note	855,000	1.38%	N/A	3/15/13	1.55%	850,692	1,577,923	874,371	Bank of NY Mellon	872,570
2007 Merged Project #1 & #2										
Invesco Government & Agency Private	6,841,842	variable	AAA	open	0.02%	6,841,842	6,841,842	6,841,842	Bank of NY Mellon	6,841,729
2007 Refunding Lease Revenue Bonds										
Invesco Government & Agency Private	1	variable	AAA	open	0.01%	1	1	1	Bank of NY Mellon	378,850
2008 Airport PFC Refunding										
Invesco Government & Agency Private	12,853	variable	AAA	open	0.01%	12,853		12,853	Bank of NY Mellon	12,854
Federal Home Loan Mortgage Corporation	603,000	4.13%	N/A	9/27/13	1.93%	647,450	660,303	663,865	Bank of NY Mellon	661,416
Funds With Century Golf	1,355,563					1,182,616	1,182,616	1,355,563	Century Golf	1,355,563
Totals							\$ 24,560,584	\$ 24,998,822		\$ 21,538,591

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

	Allowable Percentages		
	Minimum	Maximum	Current Mo.
<u>By Maturity:</u>			
1 day to 365 days	\$8,000,000	N/A	\$52,639,254
1 year to 3 years	0.00%	50.00%	5.19%
3 years to 5 years	0.00%	30.00%	25.92%
over 5 years	N/A	N/A	0.65%
<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%	0.00%
Corporate Notes	N/A	20.00%	2.58%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thrus	N/A	10.00%	0.40%
U.S. Government Agencies	N/A	50.00%	31.75%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%