



City Council Staff Report

DATE: September 21, 2011 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
JUNE 30, 2011
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 June 30, 2011. 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 \$105,036,456 plus \$16,806,649 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$105,259,865.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of June 30, 2011.

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 84 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
JUNE 30, 2011

<u>On Call Deposits</u>	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 3,777,362		
State Pool	<u>57,700,000</u>	\$ 61,477,362	58.53%
<u>Short Term Investments</u> (1 year or less)			
Mortgage Pass-Thrus	0		
U.S. Gov't Agencies	<u>40,060,500</u>	40,060,500	38.14%
<u>Medium Term Investments</u> (1 year to 3 years)			
U.S. Gov't Agencies	<u>3,000,000</u>	3,000,000	2.86%
<u>Long Term Investments</u> (3 year to 5 years)			
U.S. Gov't Agencies	<u>498,594</u>	<u>498,594</u>	<u>0.47%</u>
		\$ <u>105,036,456</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

JUNE 30, 2011

	Par Value	Coupon Rate	Rating	Maturity or Call Date	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%	\$ 3,777,362		3,777,362		1,809,372
Local Agency Invest Fund (LAIF)*	57,700,000	variable	N/A	open	0.41%	57,700,000	61,477,362	57,790,962	LAIF	50,763,991
Short Term Investments (1 year or less)										
Mortgage Pass-Through										
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	0	0	0	Bank of NY Mellon	95,307
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	0	0	0	Bank of NY Mellon	31,196
U.S. Gov't Agency Securities										
Federal Home Loan Bank	1,000,000	2.35%	N/A	05/01/11	2.35%	0	0	0	Bank of NY Mellon	995,800
Federal Home Loan Bank	1,000,000	1.75%	N/A	06/03/11	1.75%	1,000,000	0	997,760	Bank of NY Mellon	975,350
Federal Home Loan Bank	2,000,000	2.00%	N/A	06/01/11	2.00%	2,000,000	0	1,995,300	Bank of NY Mellon	1,942,220
Federal Home Loan Mortgage Corporation	1,000,000	1.57%	N/A	06/01/11	1.57%	1,000,000	0	990,910	Bank of NY Mellon	967,520
Federal Home Loan Bank	2,000,000	2.00%	N/A	06/03/11	2.00%	0	0	0	Bank of NY Mellon	1,966,200
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	06/28/11	2.50%	0	0	0	Bank of NY Mellon	1,005,370
Federal Farm Credit Bank	1,000,000	1.77%	N/A	07/08/11	1.77%	1,000,000	0	1,000,260	Bank of NY Mellon	995,670
Federal National Mortgage Association	1,000,000	2.05%	N/A	07/13/11	2.05%	1,000,000	0	1,000,580	Bank of NY Mellon	998,270
Federal Home Loan Mortgage Corporation	1,000,000	2.38%	N/A	07/20/11	2.38%	1,000,000	0	1,001,160	Bank of NY Mellon	995,460
Federal Home Loan Mortgage Corporation	1,000,000	1.63%	N/A	07/21/11	1.63%	1,000,000	0	1,000,700	Bank of NY Mellon	1,002,050
Federal Home Loan Mortgage Corporation	1,000,000	1.10%	N/A	07/22/11	1.10%	1,000,000	0	1,000,480	Bank of NY Mellon	1,002,080
Federal National Mortgage Association	1,000,000	2.25%	N/A	07/22/11	2.30%	997,500	0	1,001,150	Bank of NY Mellon	987,600
Federal National Mortgage Association	1,000,000	1.60%	N/A	07/29/11	1.60%	1,000,000	0	1,000,980	Bank of NY Mellon	1,001,140
Federal Farm Credit Bank	1,000,000	1.88%	N/A	08/17/11	1.88%	1,000,000	0	1,002,580	Bank of NY Mellon	987,590
Federal Home Loan Mortgage Corporation	1,000,000	2.00%	N/A	08/25/11	2.00%	1,000,000	0	998,520	Bank of NY Mellon	983,240
Federal National Mortgage Association	2,000,000	1.63%	N/A	09/23/11	1.63%	2,000,000	0	2,005,240	Bank of NY Mellon	1,995,880
Federal National Mortgage Association	2,000,000	1.60%	N/A	09/23/11	1.60%	2,000,000	0	2,000,420	Bank of NY Mellon	1,992,060
Federal Farm Credit Bank	2,000,000	1.99%	N/A	09/30/11	1.99%	2,000,000	0	2,000,300	Bank of NY Mellon	1,984,320
Federal Home Loan Bank	2,000,000	2.20%	N/A	09/30/11	2.20%	2,065,000	0	2,046,911	Bank of NY Mellon	0
Federal Home Loan Mortgage Corporation	1,000,000	2.65%	N/A	10/14/11	2.65%	1,000,000	0	1,006,510	Bank of NY Mellon	0
Federal Home Loan Mortgage Corporation	2,000,000	2.75%	N/A	10/18/11	2.75%	2,000,000	0	2,014,080	Bank of NY Mellon	0
Federal Farm Credit Bank	2,000,000	1.62%	N/A	11/16/11	1.62%	2,000,000	0	1,987,500	Bank of NY Mellon	1,941,720
Federal Farm Credit Bank	1,000,000	1.25%	N/A	11/17/11	1.25%	1,000,000	0	1,000,010	Bank of NY Mellon	980,010
Federal National Mortgage Association	1,000,000	1.50%	N/A	11/23/11	1.50%	1,000,000	0	982,700	Bank of NY Mellon	959,590
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/11	1.50%	2,000,000	0	1,969,520	Bank of NY Mellon	1,923,460
Federal National Mortgage Association	1,000,000	2.25%	N/A	12/08/11	2.25%	1,000,000	0	997,000	Bank of NY Mellon	0
Federal Home Loan Bank	2,000,000	2.02%	N/A	12/29/11	2.02%	1,998,000	0	1,987,080	Bank of NY Mellon	0
Federal Farm Credit Bank	1,000,000	1.48%	N/A	02/14/12	1.48%	1,000,000	0	1,006,980	Bank of NY Mellon	1,000,060
Federal Farm Credit Bank	1,000,000	2.54%	N/A	03/30/12	2.54%	1,000,000	0	1,013,840	Bank of NY Mellon	966,406
Federal National Mortgage Association	1,000,000	2.55%	N/A	04/20/12	2.55%	1,000,000	0	1,013,840	Bank of NY Mellon	0
Federal National Mortgage Association	2,000,000	1.45%	N/A	05/30/12	1.45%	2,000,000	0	1,956,180	Bank of NY Mellon	1,919,700
Federal Home Loan Mortgage Corporation*	2,000,000	2.30%	N/A	06/13/12	2.30%	2,000,000	40,060,500	2,000,160	Bank of NY Mellon	0

**TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
JUNE 30, 2011**

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 105,036,456					\$ 105,036,456	\$ 105,036,456
Miscellaneous Accounts							
Petty Cash	4,050	N/A	N/A	open	none	4,050	
Revolving Fund - Bank of America	18,482	N/A	N/A	open	none	18,482	
Trust & Agency - Bank of America	900,322	N/A	N/A	open	none	900,322	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,739	0.15%	N/A	open	0.15%	33,739	
Workers Compensation - Bank of America	-\$40,451.95	N/A	N/A	open	none	-40,452	
General Liability - Bank of America	29,364	N/A	N/A	open	none	29,364	
1930's General Store Museum - Bank of America	4,457	N/A	N/A	open	none	4,457	
On-Line Credit Card Transportation Permits - Bank of America	1,946	N/A	N/A	open	none	1,946	951,908
Deposits Held In Trust							
Time Deposits (FDIC Insured)							
BBVA Compass (Coyote Springs Apt)	20,780	1.09%	N/A	6/24/11	1.09%	20,780	20,780
Total Cash Deposited							\$ 106,009,144

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
JUNE 30, 2011

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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
1991/07/01/04 Convention Center	13,430	variable	AAA	open	0.01%	13,430		13,430	Bank of NY Mellon	119,136
Invesco Government & Agency Private	5,465,000	3.82%	N/A	9/27/13	1.93%	<u>5,867,848</u>	5,881,278	5,881,259	Bank of NY Mellon	5,864,710
Federal Home Loan Mortgage Corporation										
1991/01 Series B - Housing	28,841	variable	AAA	open	0.02%	28,841		28,841	Bank of NY Mellon	19,127
Invesco Government & Agency Private	420,000	4.38%	N/A	10/10/12	1.38%	<u>453,705</u>	482,546	445,012	Bank of NY Mellon	445,666
Federal Home Loan Bank										
1994/04 Series A & B	34,323	variable	AAA	open	0.02%	34,323		34,319	Bank of NY Mellon	34,321
Invesco Government & Agency Private	965,000	3.82%	N/A	9/27/13	1.93%	<u>1,036,134</u>	1,683,548	1,040,251	Bank of NY Mellon	1,035,580
Federal Home Loan Mortgage Corporation	571,000	3.82%	N/A	9/27/13	1.93%	<u>613,091</u>		615,327	Bank of NY Mellon	612,763
Federal Home Loan Mortgage Corporation										
1998 Airport PPC	435,047	variable	AAA	open	0.02%	435,047		435,047	Bank of NY Mellon	223,888
Invesco Government & Agency Private	918,000	1.35%	N/A	3/15/13	1.55%	<u>913,374</u>	1,348,421	933,061	Bank of NY Mellon	928,649
U.S. Treasury Note										
1998 Assessment District 155 A&B	0	variable	AAA	open	0.01%	<u>0</u>	0	0	Bank of NY Mellon	66
Invesco Government & Agency Private										
2001 Assessment District 157/158	172,032	variable	AAA	open	0.02%	<u>172,032</u>	172,032	172,032	Bank of NY Mellon	172,024
Invesco Government & Agency Private										
2002 Parking Structure	18	variable	AAA	open	0.01%	<u>18</u>	18	18	Bank of NY Mellon	3
Cash	0					<u>0</u>	0	0	Bank of NY Mellon	3,117
Invesco Government & Agency Private										
2004 Assessment District 161	70,313	variable	AAA	open	0.02%	70,313		70,313	Bank of NY Mellon	67,994
Invesco Government & Agency Private	108,000	4.08%	N/A	12/20/12	1.80%	<u>115,105</u>	397,025	113,774	Bank of NY Mellon	114,356
Key Bank National Association, Ohio	205,000	2.94%	N/A	1/28/13	1.87%	<u>211,607</u>		212,667	Bank of NY Mellon	213,032
CIT Bank, Salt Lake City, Utah										

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TREASURER'S MONTHLY REPORT
CALCULATION OF INVESTMENT LIMITATIONS

JUNE 30, 2011

	Allowable Percentages		Current Mo.
	Minimum	Maximum	
<u>By Maturity:</u>			
1 day to 365 days	\$8,000,000	N/A	\$101,537,862
1 year to 3 years	0.00%	50.00%	2.86%
3 years to 5 years	0.00%	30.00%	0.00%
over 5 years	N/A	N/A	0.49%

	Allowable Percentages		Current Mo.
	Minimum	Maximum	
<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%	0.00%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thrus	N/A	10.00%	0.00%
U.S. Government Agencies	N/A	60.00%	38.60%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%

Calculation of Weighted Avg Maturity

Mature Date	Current Date	No. of Days	Days X Cost
	40,694		
40,695	40,694	1	3,777,362
40,695	40,694	1	57,700,000
40,634	40,694	0	0
40,664	40,694	-30	0
40,664	40,694	-30	0
40,697	40,694	3	3,000,000
40,699	40,694	5	10,000,000
40,695	40,694	1	1,000,000
40,697	40,694	3	0
40,722	40,694	28	0
40,732	40,694	38	38,000,000
40,737	40,694	43	43,000,000
40,744	40,694	50	50,000,000
40,745	40,694	51	51,000,000
40,746	40,694	52	52,000,000
40,746	40,694	52	51,870,000
40,753	40,694	59	59,000,000
40,772	40,694	78	78,000,000
40,780	40,694	86	86,000,000
40,807	40,694	113	226,000,000
40,814	40,694	120	240,000,000
40,816	40,694	122	244,000,000
40,816	40,694	122	251,930,000
40,830	40,694	136	136,000,000

40,834	40,694	140	280,000,000
40,863	40,694	169	338,000,000
40,864	40,694	170	170,000,000
40,870	40,694	176	176,000,000
40,870	40,694	176	352,000,000
40,870	40,694	176	176,000,000
40,870	40,694	176	351,648,000
40,953	40,694	259	259,000,000
40,998	40,694	304	304,000,000
41,019	40,694	325	325,000,000
41,019	40,694	325	650,000,000
41,059	40,694	365	730,000,000

41,236	40,694	542	1,084,000,000
41,382	40,694	688	688,000,000

43,196	40,694	2,502	1,247,482,188
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Total Investments at Cost 8,813,407,550

WAM in Days
105,036,456
83.91