



City Council Staff Report

DATE: November 16, 2011 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
AUGUST 31, 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 August 31, 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 \$91,104,099 plus \$17,321,637 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$92,125,218.

RECOMMENDATION:

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

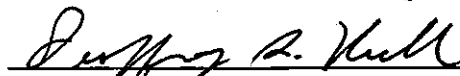
The investments, in type, maturity and as a percentage of the total portfolio, are in compliance with the existing City Council-approved investment policy with one exception: the FICO notes (\$500,000, 4/16/18, 9.8%) exceed the 5 year limitation on maturities (Detail of Investments, Long Term Investments, 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 93 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
AUGUST 31, 2011

<u>On Call Deposits</u>	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 3,842,505		
State Pool	<u>40,700,000</u>	\$ 44,542,505	48.89%
<u>Short Term Investments (1 year or less)</u>			
U.S. Gov't Agencies	<u>43,063,000</u>	43,063,000	47.27%
<u>Medium Term Investments (1 year to 3 years)</u>			
U.S. Gov't Agencies	<u>3,000,000</u>	3,000,000	3.29%
<u>Long Term Investments (3 year to 5 years)</u>			
U.S. Gov't Agencies	<u>498,594</u>	<u>498,594</u>	<u>0.55%</u>
		\$ <u>91,104,099</u>	<u>100.00%</u>

**TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
AUGUST 31, 2011**

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	Par Value	Coupon Rate	Rating	Maturity or Call Date	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Prior Qtr. Market Value
On Call Deposits									
Checking - Bank of America	\$ N/A	variable	AAA	open	0.15%	\$ 3,842,505		\$ 3,842,505	3,777,362
Local Agency Invest Fund (LAIF)*	40,700,000	variable	N/A	open	0.381%	40,700,000	44,542,505	56,916,027	57,790,962
Short Term Investments (1 year or less)									
U.S. Gov't. Agency Securities									
Federal Farm Credit Bank	1,000,000	1.77%	N/A	07/08/11	1.77%	0		0	1,000,260
Federal National Mortgage Association	1,000,000	2.05%	N/A	07/13/11	2.05%	0		0	1,000,380
Federal Home Loan Mortgage Corporation	1,000,000	2.38%	N/A	07/20/11	2.38%	0		0	1,001,160
Federal Home Loan Mortgage Corporation	1,000,000	1.63%	N/A	07/21/11	1.63%	0		0	1,000,700
Federal Home Loan Mortgage Corporation	1,000,000	1.10%	N/A	07/22/11	1.10%	0		0	1,000,480
Federal National Mortgage Association	1,000,000	2.25%	N/A	07/29/11	2.30%	0		0	1,001,150
Federal National Mortgage Association	1,000,000	1.60%	N/A	07/29/11	1.60%	0		0	1,000,980
Federal Home Loan Bank	2,000,000	2.00%	N/A	08/01/11	2.00%	0		0	1,986,300
Federal Home Loan Mortgage Corporation	1,000,000	1.57%	N/A	08/01/11	1.57%	1,000,000		1,000,040	990,910
Federal Home Loan Bank	1,000,000	1.75%	N/A	08/03/11	1.75%	1,000,000		1,000,090	997,760
Federal Farm Credit Bank	1,000,000	1.88%	N/A	08/17/11	1.88%	0		0	1,002,580
Federal Home Loan Mortgage Corporation	1,000,000	2.00%	N/A	08/25/11	2.00%	0		0	998,520
Federal National Mortgage Association	2,000,000	1.63%	N/A	09/21/11	1.63%	2,000,000		2,001,220	2,005,240
Federal National Mortgage Association	2,000,000	1.60%	N/A	09/28/11	1.60%	2,000,000		2,001,580	2,005,420
Federal Farm Credit Bank	2,000,000	1.99%	N/A	09/30/11	1.99%	2,000,000		2,002,660	2,000,300
Federal Home Loan Bank	2,000,000	2.20%	N/A	09/30/11	2.20%	2,065,000		2,067,602	2,046,911
Federal Home Loan Mortgage Corporation	1,000,000	2.65%	N/A	10/14/11	2.65%	1,000,000		1,002,850	1,006,510
Federal Home Loan Mortgage Corporation	2,000,000	2.75%	N/A	10/18/11	2.75%	2,000,000		2,006,360	2,014,080
Federal Farm Credit Bank	2,000,000	1.85%	N/A	11/15/11	1.85%	2,000,000		2,003,640	0
Federal Farm Credit Bank	2,000,000	1.62%	N/A	11/16/11	1.62%	2,000,000		2,005,500	1,987,500
Federal Farm Credit Bank	1,000,000	1.25%	N/A	11/17/11	1.25%	1,000,000		1,001,790	1,000,010
Federal National Mortgage Association	1,000,000	1.50%	N/A	11/23/11	1.50%	1,000,000		1,011,110	982,700
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/11	1.50%	2,000,000		2,005,680	1,969,520
Federal National Mortgage Association	1,000,000	2.25%	N/A	12/08/11	2.25%	1,000,000		1,004,500	997,000
Federal Home Loan Bank	2,000,000	2.02%	N/A	12/29/11	2.02%	1,998,000		2,010,313	1,987,080
Federal National Mortgage Association	2,000,000	2.00%	N/A	01/05/12	2.00%	2,000,000		2,009,160	0
Federal Farm Credit Bank	1,000,000	1.48%	N/A	02/14/12	1.48%	1,000,000		1,004,920	1,006,980
Federal Home Loan Bank	2,000,000	1.50%	N/A	02/22/12	1.50%	2,000,000		1,997,020	0
Federal Farm Credit Bank	2,000,000	1.50%	N/A	02/24/12	1.50%	2,000,000		2,001,520	0
Federal Home Loan Bank	2,000,000	1.55%	N/A	02/24/12	1.55%	2,000,000		1,995,625	0
Federal Farm Credit Bank	1,000,000	2.54%	N/A	03/30/12	2.54%	1,000,000		1,013,370	1,013,840
Federal National Mortgage Association	1,000,000	2.55%	N/A	04/20/12	2.55%	1,000,000		1,013,750	1,013,000
Federal National Mortgage Association	2,000,000	1.45%	N/A	05/30/12	1.45%	2,000,000		2,015,460	1,966,180
Federal Home Loan Mortgage Corporation	2,000,000	2.30%	N/A	06/13/12	2.30%	2,000,000		2,025,880	2,000,160
Federal Farm Credit Bank	2,000,000	1.75%	N/A	08/15/12	1.75%	2,000,000		2,012,380	0
Federal Farm Credit Bank	2,000,000	1.50%	N/A	08/22/12	1.50%	2,000,000		2,005,340	0

43,063,000

**TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
AUGUST 31, 2011**

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	Par Value	Coupon Rate	Rating	Maturity or Call Date	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Prior Qtr. Market Value
Medium Term Investments (1 year to 3 years)									
U.S. Gov't Agency Securities									
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/12	1.50%	2,000,000		2,005,680	1,969,520
Federal National Mortgage Association	1,000,000	2.50%	N/A	04/18/13	2.50%	1,000,000	3,000,000	1,030,000	1,015,040
Long Term Investment (3 years to 5 years)									
U.S. Gov't Agency Securities									
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	498,594	738,585	714,170
Total Invested Cash							\$ 91,104,099	\$ 107,752,156	\$ 105,250,865

*Includes the following deposits of non-City funds:
Palm Springs Historical Society

Principal	250,000	Total	304,259
Interest	54,259		

**TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
AUGUST 31, 2011**

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 91,104,099					\$ 91,104,099	\$ 91,104,099
Miscellaneous Accounts							
Petty Cash	3,750	N/A	N/A	open	none	3,750	
Revolving Fund - Bank of America	25,000	N/A	N/A	open	none	25,000	
Trust & Agency - Bank of America	926,733	N/A	N/A	open	none	926,733	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,748	0.15%	N/A	open	0.15%	33,748	
Workers Compensation - Bank of America*	(25,404)	N/A	N/A	open	none	(25,404)	
General Liability - Bank of America	30,000	N/A	N/A	open	none	30,000	
1930's General Store Museum - Bank of America	4,149	N/A	N/A	open	none	4,149	
On-Line Credit Card Transportation Permits - Bank of America	2,364	N/A	N/A	open	none	2,364	1,000,340
Deposits Held In Trust							
Time Deposits (FDIC Insured)							
BBVA Compass (Coyote Springs Apt)	20,780	1.09%	N/A	6/24/12	1.09%	20,780	20,780
Total Cash Deposited							\$ 92,125,218

*Timing due to replenishment of funds

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
AUGUST 31, 2011

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Prior Qtr. Market Value
1991/97/01/04 Convention Center									
Invesco Government & Agency Private	13,430	variable	AAA	open	0.01%	13,430		13,430	13,430
Federal Home Loan Mortgage Corporation	5,465,000	4.125%	N/A	9/27/13	1.93%	<u>5,867,848</u>	5,881,278	5,887,445	5,881,259
1991/01 Series B - Housing									
Invesco Government & Agency Private	28,842	variable	AAA	open	0.02%	28,842		28,842	28,841
Federal Home Loan Bank	420,000	4.625%	N/A	10/10/12	1.38%	<u>453,705</u>	482,547	440,521	443,012
1994/04 Series A & B									
Invesco Government & Agency Private	1,822,725	variable	AAA	open	0.02%	1,822,725		1,822,725	34,319
Federal Home Loan Mortgage Corporation	965,000	4.125%	N/A	9/27/13	1.93%	1,036,134		1,039,595	1,040,251
Federal Home Loan Mortgage Corporation	571,000	4.125%	N/A	9/27/13	1.93%	<u>613,091</u>	3,471,950	615,138	615,527
1998 Airport PFC									
Invesco Government & Agency Private	324,631	variable	AAA	open	0.02%	324,631		324,631	435,047
U.S. Treasury Note	918,000	1.375%	N/A	3/15/13	1.55%	<u>913,374</u>	1,238,005	934,782	933,061
2001 Assessment District 157/158									
Invesco Government & Agency Private	172,038	variable	AAA	open	0.02%	<u>172,038</u>	172,038	172,038	172,032
2002 Parking Structure									
Cash	18					18		18	18
Invesco Government & Agency Private	2,382	variable	AAA	open	0.01%	<u>2,382</u>	2,400	2,382	0
2004 Assessment District 161									
Invesco Government & Agency Private	304,022	variable	AAA	open	0.02%	304,022		304,022	70,313
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	115,105		113,333	113,774
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	<u>211,607</u>	630,734	212,312	212,667

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
AUGUST 31, 2011

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Prior Qtr. Market Value
2004 Assessment District 162									
Invesco Government & Agency Private	134,417	variable	AAA	open	0.01%	134,417		134,417	61,769
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	<u>93,846</u>	228,262	92,851	97,643
2005 Assessment District 164									
Invesco Government & Agency Private	282,687	variable	AAA	open	0.02%	282,687		282,687	94,535
Citizens Bank, Flint, Michigan	245,000	1.85%	N/A	3/4/13	1.80%	245,347		245,000	245,000
Capital One Bank USA National Association	25,000	4.15%	N/A	3/5/13	1.80%	<u>26,661</u>	554,695	26,378	26,459
2006 Airport PFC									
Invesco Government & Agency Private	343,230	variable	AAA	open	0.02%	343,230		343,230	1,167,199
U.S. Treasury Note	855,000	1.375%	N/A	3/15/13	1.55%	<u>850,692</u>	1,193,922	870,630	869,027
2007 Merged Project #1 & #2									
Invesco Government & Agency Private	1,225,269	variable	AAA	open	0.01%	<u>1,225,269</u>	1,225,269	1,225,269	1,305,106
2007 Refunding Lease Revenue Bonds									
Invesco Government & Agency Private	3	variable	AAA	open	0.01%	<u>3</u>	3	3	3
2008 Airport PFC Refunding									
Invesco Government & Agency Private	0	variable	AAA	open	0.02%	<u>0</u>		0	12,437
Federal Home Loan Mortgage Corporation	603,000	4.125%	N/A	9/27/13	1.93%	<u>647,450</u>	647,450	649,612	650,022
Funds With Century Golf									
	1,593,086					<u>1,593,086</u>	1,593,086	1,593,086	2,020,406
Totals							<u>\$ 17,321,637</u>	<u>\$ 17,374,375</u>	<u>16,543,155</u>

TREASURER'S MONTHLY REPORT
CALCULATION OF INVESTMENT LIMITATIONS
AUGUST 31, 2011

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	Allowable Percentages			Current Mo.
	Minimum	Maximum		
By Maturity:				
1 day to 365 days	\$8,000,000	N/A		\$87,605,505
1 year to 3 years	0.00%	50.00%		3.29%
3 years to 5 years	0.00%	30.00%		0.00%
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%		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%		51.11%
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
	40,786		
40,787	40,786	1	3,842,505
40,787	40,786	1	40,700,000
40,732	40,786	0	0
40,737	40,786	0	0
40,744	40,786	0	0
40,745	40,786	0	0
40,746	40,786	0	0
40,746	40,786	0	0
40,753	40,786	0	0
40,756	40,786	0	0
40,756	40,786	0	0
40,758	40,786	-28	-28,000,000
40,772	40,786	0	0
40,780	40,786	0	0
40,807	40,786	21	42,000,000
40,814	40,786	28	56,000,000
40,816	40,786	30	60,000,000
40,816	40,786	30	61,950,000
40,830	40,786	44	44,000,000
40,834	40,786	48	96,000,000
40,862	40,786	76	152,000,000
40,863	40,786	77	154,000,000
40,864	40,786	78	78,000,000
40,870	40,786	84	84,000,000
40,870	40,786	84	168,000,000
40,885	40,786	99	99,000,000
40,906	40,786	120	239,760,000
40,913	40,786	127	254,000,000
40,953	40,786	167	167,000,000
40,961	40,786	175	350,000,000
40,963	40,786	177	354,000,000
40,963	40,786	177	354,000,000
40,998	40,786	212	212,000,000
41,019	40,786	233	233,000,000
41,059	40,786	273	546,000,000
41,073	40,786	287	574,000,000
41,136	40,786	350	700,000,000
41,143	40,786	357	714,000,000

41,236	40,786	450	900,000,000
41,382	40,786	596	596,000,000

43,196	40,786	2,410	1,201,611,540
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Total Investments at Cost			8,506,864,045
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WAM in Days			91,104,099
			93.38