



## City Council Staff Report

DATE: January 4, 2012 CONSENT CALENDAR  
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF  
OCTOBER 31, 2011  
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 October 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 \$83,201,696 plus \$18,462,889 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$83,546,578.

### RECOMMENDATION:

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

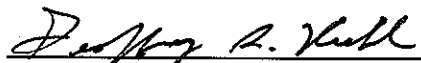
The investments, in type, maturity and as a percentage of the total portfolio, are in compliance with the existing City Council-approved investment policy with one exception: the FICO notes (\$500,000, 4/16/18, 9.8%) exceed the 5 year limitation on maturities (Detail of Investments, Long Term Investments, 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 95 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  
OCTOBER 31, 2011

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 2,005,102		
State Pool	<u>32,700,000</u>	\$ 34,705,102	41.71%
Short Term Investments (1 year or less)			
U.S. Gov't Agencies	<u>45,998,000</u>	45,998,000	55.28%
Medium Term Investments (1 year to 3 years)			
U.S. Gov't Agencies	<u>2,000,000</u>	2,000,000	2.40%
Long Term Investments (3 year to 5 years)			
U.S. Gov't Agencies	<u>498,594</u>	<u>498,594</u>	<u>0.60%</u>
		\$ <u><u>83,201,696</u></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, 2011

	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
<b>On Call Deposits</b>									
Checking - Bank of America	N/A	variable	AAA	open	0.15%	2,005,102		2,005,102	3,777,362
Local Agency Invest Fund (LAIF)*	32,700,000	variable	N/A	open	0.378%	32,700,000	34,705,102	32,760,416	
<b>Short Term Investments (1 year or less)</b>									
<b>U.S. Gov't Agency Securities</b>									
Federal Home Loan Mortgage Corporation	1,000,000	2.65%	N/A	10/14/11	2.65%	0		0	1,000,730
Federal Home Loan Mortgage Corporation	2,000,000	2.75%	N/A	10/18/11	2.75%	0		0	2,002,040
Federal Farm Credit Bank	2,000,000	1.85%	N/A	11/15/11	1.85%	2,000,000		2,001,000	2,001,740
Federal Farm Credit Bank	2,000,000	1.62%	N/A	11/16/11	1.62%	2,000,000		2,001,320	2,003,780
Federal Farm Credit Bank	1,000,000	1.25%	N/A	11/17/11	1.25%	1,000,000		1,000,380	1,001,130
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/11	1.50%	2,000,000		2,000,000	1,990,480
Federal National Mortgage Association	2,000,000	1.50%	N/A	11/23/11	1.50%	2,000,000		1,990,480	1,001,130
Federal Home Loan Bank	2,000,000	1.55%	N/A	12/02/11	1.55%	2,000,000		1,990,480	1,988,920
Federal National Mortgage Association	1,000,000	2.25%	N/A	12/08/11	2.25%	1,000,000		1,984,880	1,984,660
Federal Home Loan Bank	2,000,000	1.57%	N/A	12/23/11	1.57%	2,000,000		1,001,890	1,003,070
Federal Home Loan Bank	2,000,000	1.52%	N/A	12/28/11	1.52%	2,000,000		2,000,560	2,000,120
Federal Home Loan Bank	2,000,000	2.02%	N/A	12/29/11	2.02%	1,998,000		1,992,800	1,992,300
Federal National Mortgage Association	2,000,000	2.00%	N/A	01/05/12	2.00%	2,000,000		2,005,140	2,007,400
Federal Farm Credit Bank	1,000,000	1.60%	N/A	01/19/12	1.60%	1,000,000		2,005,240	2,007,360
Federal Home Loan Mortgage Corporation	2,000,000	1.50%	N/A	01/26/12	1.50%	2,000,000		1,002,050	0
Federal Farm Credit Bank	1,000,000	1.48%	N/A	02/14/12	1.48%	1,000,000		1,993,438	0
Federal Home Loan Bank	2,000,000	1.50%	N/A	02/22/12	1.50%	2,000,000		1,003,300	1,004,180
Federal Farm Credit Bank	2,000,000	1.50%	N/A	02/24/12	1.50%	2,000,000		1,990,500	1,990,480
Federal Home Loan Bank	2,000,000	1.55%	N/A	02/24/12	1.55%	2,000,000		1,996,100	1,990,840
Federal Home Loan Mortgage Corporation	2,000,000	1.55%	N/A	03/01/12	1.55%	2,000,000		1,989,040	1,988,980
Federal Farm Credit Bank	1,000,000	2.54%	N/A	03/30/12	2.54%	1,000,000		2,002,260	1,999,600
Federal National Mortgage Association	1,000,000	2.55%	N/A	04/20/12	2.55%	1,000,000		1,009,890	1,011,200
Federal National Mortgage Association	2,000,000	1.45%	N/A	05/30/12	1.45%	2,000,000		1,010,640	1,011,840
Federal Home Loan Mortgage Corporation	2,000,000	3.0%	N/A	06/13/12	3.0%	2,000,000		2,011,580	2,012,860
Federal Farm Credit Bank	2,000,000	1.75%	N/A	08/15/12	1.75%	2,000,000		2,021,000	2,022,100
Federal Farm Credit Bank	2,000,000	1.50%	N/A	08/22/12	1.50%	2,000,000		2,007,080	2,002,160
Federal Farm Credit Bank	2,000,000	1.50%	N/A	09/06/12	1.50%	2,000,000		1,999,780	1,994,540
Federal National Mortgage Association	2,000,000	1.375%	N/A	10/19/12	1.375%	2,000,000		2,005,360	1,999,840
						2,000,000	45,998,000	1,994,520	0

**TREASURER'S MONTHLY REPORT  
DETAIL OF INVESTMENTS  
OCTOBER 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
<b>Medium Term Investments (1 year to 3 years)</b>									
U.S. Gov't Agency Securities									
Federal National Mortgage Association	1,000,000	1.50%	N/A	11/23/12	1.50%	1,000,000		1,009,063	1,988,920
Federal National Mortgage Association	1,000,000	2.50%	N/A	04/18/13	2.50%	1,000,000	2,000,000	1,027,740	1,028,150
<b>Long Term Investment (3 years to 5 years)</b>									
U.S. Gov't Agency Securities									
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	498,594	733,549	743,133
<b>Total Invested Cash</b>							<b>\$ 83,201,696</b>	<b>\$ 83,546,578</b>	<b>\$ 50,568,915</b>

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

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

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
<b>Total Invested Cash</b>	\$ 83,201,696					\$ 83,201,696	\$ 83,201,696
<b>Miscellaneous Accounts</b>							
Petty Cash	3,750	N/A	N/A	open	none	3,750	
Revolving Fund - Bank of America	20,000	N/A	N/A	open	none	20,000	
Trust & Agency - Bank of America	918,870	N/A	N/A	open	none	918,870	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,756	0.15%	N/A	open	0.15%	33,756	
Workers Compensation - Bank of America	1,723	N/A	N/A	open	none	1,723	
General Liability - Bank of America	30,000	N/A	N/A	open	none	30,000	
1930's General Store Museum - Bank of America	2,662	N/A	N/A	open	none	2,662	
On-Line Credit Card Transportation Permits - Bank of America	4,079	N/A	N/A	open	none	4,079	1,014,840
<b>Total Cash Deposited</b>							\$ 84,216,536

**TREASURER'S MONTHLY REPORT  
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS  
OCTOBER 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
<b>1991/07/01/04 Convention Center</b>									
Invesco Government & Agency Private	3,756,455	variable	AAA	open	0.01%	3,756,455		3,756,455	126,145
Federal Home Loan Mortgage Corporation	5,465,000	4.125%	N/A	9/27/13	1.93%	5,867,848	9,624,304	5,850,884	5,865,748
<b>1991/01 Series B - Housing</b>									
Invesco Government & Agency Private	38,556	variable	AAA	open	0.02%	38,556		38,556	28,843
Federal Home Loan Bank	420,000	4.625%	N/A	10/10/12	1.38%	453,705	492,261	437,245	438,766
<b>1994/04 Series A &amp; B</b>									
Invesco Government & Agency Private	34,095	variable	AAA	open	0.02%	34,095		34,095	34,095
Federal Home Loan Mortgage Corporation	965,000	4.125%	N/A	9/27/13	1.93%	1,036,134		1,033,139	1,035,763
Federal Home Loan Mortgage Corporation	571,000	4.125%	N/A	9/27/13	1.93%	613,091	1,683,320	611,318	612,871
<b>1998 Airport PFC</b>									
Invesco Government & Agency Private	471,749	variable	AAA	open	0.02%	471,749		471,749	401,345
U.S. Treasury Note	918,000	1.375%	N/A	3/15/13	1.55%	913,374	1,385,123	932,774	933,061
<b>2001 Assessment District 157/158</b>									
Invesco Government & Agency Private	167,663	variable	AAA	open	0.02%	167,663		167,663	167,660
<b>2002 Parking Structure</b>									
Cash	1					1		1	4
Invesco Government & Agency Private	2,261	variable	AAA	open	0.01%	2,261	2,262	2,261	15

**TREASURER'S MONTHLY REPORT**  
**BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS**  
**OCTOBER 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
<b>2004 Assessment District 161</b>									
Invesco Government & Agency Private	73,418	variable	AAA	open	0.02%	73,418		73,418	73,417
Key Bank National Association, Ohio	108,000	4.30%	N/A	12/20/12	1.80%	115,105		112,418	112,291
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	211,607	400,130	210,997	210,501
<b>2004 Assessment District 162</b>									
Invesco Government & Agency Private	68,121	variable	AAA	open	0.01%	68,121		68,121	68,120
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	93,846	161,967	92,129	91,995
<b>2005 Assessment District 164</b>									
Invesco Government & Agency Private	96,580	variable	AAA	open	0.02%	96,580		96,580	96,205
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%	26,661	368,588	26,173	26,135
<b>2006 Airport PFC</b>									
Invesco Government & Agency Private	598,278	variable	AAA	open	0.02%	598,278		598,278	473,692
U.S. Treasury Note	855,000	1.375%	N/A	3/15/13	1.55%	850,692	1,448,970	868,760	869,027
<b>2007 Merged Project #1 &amp; #2</b>									
Invesco Government & Agency Private	1,040,167	variable	AAA	open	0.01%	1,040,167	1,040,167	1,040,167	1,225,290
<b>2007 Refunding Lease Revenue Bonds</b>									
Invesco Government & Agency Private	1	variable	AAA	open	0.01%	1	1	1	358,950
<b>2008 Airport PFC Refunding</b>									
Invesco Government & Agency Private	12,437	variable	AAA	open	0.02%	12,437		12,437	12,437
Federal Home Loan Mortgage Corporation	603,000	4.125%	N/A	9/27/13	1.93%	647,450	659,887	645,578	647,218
Funds With Century Golf	1,028,247					1,028,247	1,028,247	1,028,247	1,028,247
<b>Totals</b>							<b>\$ 18,462,889</b>	<b>\$ 18,454,444</b>	<b>\$15,182,842</b>



TREASURER'S MONTHLY REPORT

CALCULATION OF INVESTMENT LIMITATIONS

OCTOBER 31, 2011

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	Allowable Percentages		Current Mo.
	Minimum	Maximum	
<u>By Maturity:</u>			
1 day to 365 days	\$8,000,000	N/A	\$80,703,102
1 year to 3 years	0.00%	50.00%	2.40%
3 years to 5 years	0.00%	30.00%	0.00%
over 5 years	N/A	N/A	0.60%
<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%	58.29%
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
	40,847		
40,848	40,847	1	2,005,102
40,848	40,847	1	32,700,000
40,830	40,847	-17	0
40,834	40,847	-13	0
40,862	40,847	15	30,000,000
40,863	40,847	16	32,000,000
40,864	40,847	17	17,000,000
40,870	40,847	23	46,000,000
40,870	40,847	23	46,000,000
40,879	40,847	32	64,000,000
40,885	40,847	38	38,000,000
40,900	40,847	53	106,000,000
40,905	40,847	58	116,000,000
40,906	40,847	59	117,882,000
40,913	40,847	66	132,000,000
40,927	40,847	80	80,000,000
40,934	40,847	87	174,000,000
40,953	40,847	106	106,000,000
40,961	40,847	114	228,000,000
40,963	40,847	116	232,000,000
40,963	40,847	116	232,000,000
40,969	40,847	122	244,000,000
40,998	40,847	151	151,000,000
41,019	40,847	172	172,000,000
41,059	40,847	212	424,000,000
41,073	40,847	226	452,000,000
41,136	40,847	289	578,000,000
41,143	40,847	296	592,000,000
41,158	40,847	311	622,000,000
41,201	40,847	354	708,000,000
41,236	40,847	389	389,000,000
41,382	40,847	535	535,000,000
43,196	40,847	2,349	1,171,197,306
Total Investments at Cost			7,869,784,408
WAM in Days			83,201,696
			94.59