



City Council Staff Report

DATE: March 7, 2012 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
JANUARY 31, 2012
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 January 31, 2012. 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 \$91,764,415 plus \$16,617,669 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$92,143,930.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of January 31, 2012.

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.

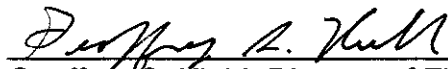
The investments, in type, maturity and as a percentage of the total portfolio, are in compliance with the existing City Council-approved investment policy with one exception: the FICO notes (\$500,000, 4/16/18, 9.8%) exceed the 5 year limitation on maturities (Detail of Investments, Long Term Investments, 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 62 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
January 31, 2012

| On Call Deposits | Adjusted Basis | Category Total | Percentage |
|--|-------------------|-----------------------------|----------------|
| Checking Account | \$ 58,250,821 | | |
| State Pool | <u>15,000</u> | \$ 58,265,821 | 63.50% |
| | | | |
| Short Term Investments (1 year or less) | | | |
| U.S. Gov't Agencies | <u>32,000,000</u> | 32,000,000 | 34.87% |
| | | | |
| Medium Term Investments (1 year to 3 years) | | | |
| U.S. Gov't Agencies | <u>1,000,000</u> | 1,000,000 | 1.09% |
| | | | |
| Long Term Investments (3 year to 5 years) | | | |
| U.S. Gov't Agencies | <u>498,594</u> | <u>498,594</u> | <u>0.54%</u> |
| | | \$ <u><u>91,764,415</u></u> | <u>100.00%</u> |

*Some investments made prior to the implementation of the current Investment Policy exceed the 5 year limit

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TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
January 31, 2012

| | 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 | N/A | AAA | open | None | \$ 58,250,821 | | \$ 58,250,821 | | \$ 2,627,814 |
| Local Agency Invest Fund (LAIF) | 15,000 | variable | N/A | open | 0.385% | 15,000 | | 15,025 | LAIF | 37,561,950 |
| | | | | | | | 58,265,821 | | | |
| Short Term Investments (1 year or less) | | | | | | | | | | |
| U.S. Gov't Agency Securities | | | | | | | | | | |
| Federal Home Loan Bank | 2,000,000 | 1.55% | N/A | 12/02/11 | 1.55% | 0 | | 0 | | 2,000,060 |
| Federal Home Loan Bank | 2,000,000 | 1.57% | N/A | 12/23/11 | 1.57% | 0 | | 0 | Bank of NY Mellon | 2,000,060 |
| Federal Home Loan Bank | 2,000,000 | 1.52% | N/A | 12/28/11 | 1.52% | 0 | | 0 | Bank of NY Mellon | 2,000,060 |
| Federal National Mortgage Association | 2,000,000 | 2.00% | N/A | 01/05/12 | 2.00% | 0 | | 0 | Bank of NY Mellon | 2,000,180 |
| Federal Farm Credit Bank | 1,000,000 | 1.60% | N/A | 01/19/12 | 1.60% | 0 | | 0 | Bank of NY Mellon | 1,000,610 |
| Federal Home Loan Mortgage Corporation | 2,000,000 | 1.50% | N/A | 01/26/12 | 1.50% | 0 | | 0 | Bank of NY Mellon | 2,001,400 |
| Federal Farm Credit Bank | 1,000,000 | 1.48% | N/A | 02/14/12 | 1.48% | 1,000,000 | | 1,000,440 | Bank of NY Mellon | 1,001,340 |
| Federal Home Loan Bank | 2,000,000 | 1.50% | N/A | 02/22/12 | 1.50% | 2,000,000 | | 2,001,250 | Bank of NY Mellon | 2,001,980 |
| Federal Farm Credit Bank | 2,000,000 | 1.50% | N/A | 02/24/12 | 1.50% | 2,000,000 | | 2,001,460 | Bank of NY Mellon | 2,002,340 |
| Federal Home Loan Bank | 2,000,000 | 1.55% | N/A | 02/24/12 | 1.55% | 2,000,000 | | 2,001,340 | Bank of NY Mellon | 2,001,840 |
| Federal Home Loan Mortgage Corporation | 2,000,000 | 1.55% | N/A | 03/01/12 | 1.55% | 2,000,000 | | 2,002,000 | Bank of NY Mellon | 2,002,760 |
| Federal Farm Credit Bank | 1,000,000 | 2.54% | N/A | 03/30/12 | 2.54% | 1,000,000 | | 1,003,890 | Bank of NY Mellon | 1,005,840 |
| Federal Farm Credit Bank | 2,000,000 | 1.09% | N/A | 04/18/12 | 1.09% | 2,000,000 | | 2,002,460 | Bank of NY Mellon | 0 |
| Federal National Mortgage Association | 1,000,000 | 2.55% | N/A | 04/20/12 | 2.55% | 1,000,000 | | 1,004,870 | Bank of NY Mellon | 1,006,660 |
| Federal Home Loan Mortgage Corporation | 2,000,000 | 1.75% | N/A | 05/09/12 | 1.75% | 2,000,000 | | 2,007,000 | Bank of NY Mellon | 2,007,500 |
| Federal Home Loan Mortgage Corporation | 1,000,000 | 1.80% | N/A | 05/09/12 | 1.80% | 1,000,000 | | 1,003,570 | Bank of NY Mellon | 1,003,860 |
| Federal National Mortgage Association | 2,000,000 | 1.45% | N/A | 05/30/12 | 1.45% | 2,000,000 | | 2,007,700 | Bank of NY Mellon | 2,008,980 |
| Federal Home Loan Mortgage Corporation | 2,000,000 | 2.30% | N/A | 06/13/12 | 2.30% | 2,000,000 | | 2,013,460 | Bank of NY Mellon | 2,016,250 |
| Federal National Mortgage Association | 1,000,000 | 1.30% | N/A | 06/15/12 | 1.30% | 1,000,000 | | 1,002,060 | Bank of NY Mellon | 1,001,390 |
| Federal Farm Credit Bank | 2,000,000 | 1.75% | N/A | 08/15/12 | 1.75% | 2,000,000 | | 2,012,140 | Bank of NY Mellon | 2,011,980 |
| Federal Farm Credit Bank | 2,000,000 | 1.50% | N/A | 08/22/12 | 1.50% | 2,000,000 | | 2,010,840 | Bank of NY Mellon | 2,009,860 |
| Federal Farm Credit Bank | 2,000,000 | 1.50% | N/A | 09/06/12 | 1.50% | 2,000,000 | | 2,013,100 | Bank of NY Mellon | 2,011,860 |
| Federal National Mortgage Association | 2,000,000 | 1.375% | N/A | 10/19/12 | 1.375% | 2,000,000 | | 2,007,740 | Bank of NY Mellon | 1,997,320 |
| Federal National Mortgage Association | 2,000,000 | 1.70% | N/A | 10/24/12 | 1.70% | 2,000,000 | | 2,013,300 | Bank of NY Mellon | 2,011,860 |
| Federal National Mortgage Association | 1,000,000 | 1.50% | N/A | 11/23/12 | 1.50% | 1,000,000 | | 1,008,550 | Bank of NY Mellon | 1,008,320 |
| | | | | | | | 32,000,000 | | | |

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TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
January 31, 2012

| | 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 |
|---|-----------|-------------|--------|-----------------------|-------------------|---------------------|----------------------|--------------------------|-------------------|------------------------|
| Medium Term Investments (1 year to 3 years) | | | | | | | | | | |
| U.S. Gov't Agency Securities Federal National Mortgage Association | 1,000,000 | 2.50% | N/A | 04/18/13 | 2.50% | <u>1,000,000</u> | 1,000,000 | 1,024,800 | Bank of NY Mellon | 1,025,700 |
| 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% | <u>498,594</u> | <u>498,594</u> | 736,115 | Bank of America | <u>734,799</u> |
| | | | | | | | <u>\$ 91,764,415</u> | <u>\$ 92,143,930</u> | | <u>\$ 83,064,573</u> |

*Includes the following deposits of non-City funds:

| | Principal | Interest | Total |
|---------------------------------|-----------|----------|---------|
| Palm Springs Historical Society | 250,000 | 54,752 | 304,752 |

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**TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
January 31, 2012**

| | Par Value | Coupon | Rating | Maturity | Yield to Maturity | Adjusted Cost Basis | Category Total |
|--|---------------|--------|--------|----------|-------------------|---------------------|----------------|
| Total Invested Cash | \$ 91,764,415 | | | | | \$ 91,764,415 | \$ 91,764,415 |
| Miscellaneous Accounts | | | | | | | |
| Petty Cash | 4,000 | N/A | N/A | open | None | 4,000 | |
| Revolving Fund - Bank of America | 20,000 | N/A | N/A | open | None | 20,000 | |
| Trust & Agency - Bank of America | 997,278 | N/A | N/A | open | None | 997,278 | |
| Downpayment Assistance (Housing Fund) - JP Morgan Chase | 33,768 | 0.15% | N/A | open | 0.15% | 33,768 | |
| Workers Compensation - Bank of America | 532 | N/A | N/A | open | None | 532 | |
| General Liability - Bank of America | 28,944 | N/A | N/A | open | None | 28,944 | |
| 1930's General Store Museum - Bank of America | 6,181 | N/A | N/A | open | None | 6,181 | |
| On-Line Credit Card Fire Inspection Fees Bank of America | 357 | N/A | N/A | open | None | 357 | |
| On-Line Credit Card Transportation Permits - Bank of America | 4,828 | N/A | N/A | open | None | 4,828 | 1,095,887 |
| Total Cash Deposited | | | | | | | \$ 92,860,302 |

TREASURER'S MONTHLY REPORT
 BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
 January 31, 2012

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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 | 20,363 | variable | AAA | open | 0.01% | 20,363 | | 20,363 | Bank of NY Mellon | 20,363 |
| Federal Home Loan Mortgage Corporation | 5,465,000 | 4.125% | N/A | 9/27/13 | 1.93% | <u>5,867,848</u> | | 5,804,814 | Bank of NY Mellon | 5,815,908 |
| | | | | | | | 5,888,211 | | | |
| 1991/01 Series B - Housing | | | | | | | | | | |
| Invesco Government & Agency Private | 504,076 | variable | AAA | open | 0.02% | 504,076 | | 504,076 | Bank of NY Mellon | 38,558 |
| Federal Home Loan Bank | 420,000 | 4.625% | N/A | 10/10/12 | 1.38% | <u>453,705</u> | | 433,079 | Bank of NY Mellon | 434,314 |
| | | | | | | | 957,781 | | | |
| 1994/04 Series A & B | | | | | | | | | | |
| Invesco Government & Agency Private | 1,681,281 | variable | AAA | open | 0.02% | 1,681,281 | | 1,681,281 | Bank of NY Mellon | 34,096 |
| Federal Home Loan Mortgage Corporation | 965,000 | 4.125% | N/A | 9/27/13 | 1.93% | 1,036,134 | | 1,025,004 | Bank of NY Mellon | 1,026,963 |
| Federal Home Loan Mortgage Corporation | 571,000 | 4.125% | N/A | 9/27/13 | 1.93% | <u>613,091</u> | | 606,505 | Bank of NY Mellon | 607,664 |
| | | | | | | | 3,330,506 | | | |
| 1998 Airport PFC | | | | | | | | | | |
| Invesco Government & Agency Private | 76,911 | variable | AAA | open | 0.02% | 76,911 | | 76,911 | Bank of NY Mellon | 612,571 |
| U.S. Treasury Note | 918,000 | 1.375% | N/A | 3/15/13 | 1.55% | <u>913,374</u> | | 930,375 | Bank of NY Mellon | 931,091 |
| | | | | | | | 990,285 | | | |
| 2001 Assessment District 157/158 | | | | | | | | | | |
| Invesco Government & Agency Private | 167,675 | variable | AAA | open | 0.02% | <u>167,675</u> | | 167,675 | Bank of NY Mellon | 167,672 |
| | | | | | | | 167,675 | | | |
| 2002 Parking Structure | | | | | | | | | | |
| Cash | 3 | | | | | 3 | | 3 | Bank of NY Mellon | 3 |
| Invesco Government & Agency Private | 2,434 | variable | AAA | open | 0.01% | <u>2,434</u> | | 2,434 | Bank of NY Mellon | 2,696 |
| | | | | | | | 2,438 | | | |

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
January 31, 2012

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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 | 78,903 | variable | AAA | open | 0.02% | 78,903 | | 78,903 | Bank of NY Mellon | 75,750 |
| Key Bank National Association, Ohio | 108,000 | 4.30% | N/A | 12/20/12 | 1.80% | 115,105 | | 111,127 | Bank of NY Mellon | 111,422 |
| CTF Bank, Salt Lake City, Utah | 205,000 | 3.05% | N/A | 1/28/13 | 1.87% | <u>211,607</u> | | 209,006 | Bank of NY Mellon | 209,294 |
| | | | | | | | 405,615 | | | |
| 2004 Assessment District 162 | | | | | | | | | | |
| Invesco Government & Agency Private | 68,125 | variable | AAA | open | 0.01% | 68,125 | | 68,125 | Bank of NY Mellon | 68,124 |
| Capital One Bank USA National Association | 88,000 | 4.15% | N/A | 3/5/13 | 1.80% | <u>93,846</u> | | 91,049 | Bank of NY Mellon | 91,215 |
| | | | | | | | 161,971 | | | |
| 2005 Assessment District 164 | | | | | | | | | | |
| Invesco Government & Agency Private | 97,729 | variable | AAA | open | 0.02% | 97,729 | | 97,729 | Bank of NY Mellon | 97,342 |
| 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% | <u>26,661</u> | | 25,866 | Bank of NY Mellon | 25,913 |
| | | | | | | | 369,737 | | | |
| 2006 Airport PFC | | | | | | | | | | |
| Invesco Government & Agency Private | 526,463 | variable | AAA | open | 0.02% | 526,463 | | 526,463 | Bank of NY Mellon | 847,471 |
| U.S. Treasury Note | 855,000 | 1.375% | N/A | 3/15/13 | 1.55% | <u>850,692</u> | | 866,525 | Bank of NY Mellon | 867,192 |
| | | | | | | | 1,377,155 | | | |
| 2007 Merged Project #1 & #2 | | | | | | | | | | |
| Invesco Government & Agency Private | 1,259,858 | variable | AAA | open | 0.01% | <u>1,259,858</u> | | 1,259,858 | Bank of NY Mellon | 1,028,577 |
| | | | | | | | 1,259,858 | | | |
| 2007 Refunding Lease Revenue Bonds | | | | | | | | | | |
| Invesco Government & Agency Private | 1 | variable | AAA | open | 0.01% | <u>1</u> | | 1 | Bank of NY Mellon | 1 |
| | | | | | | | 1 | | | |
| 2008 Airport PFC Refunding | | | | | | | | | | |
| Invesco Government & Agency Private | | variable | AAA | open | 0.02% | 0 | | 0 | Bank of NY Mellon | 12,437 |
| Federal Home Loan Mortgage Corporation | 603,000 | 4.125% | N/A | 9/27/13 | 1.93% | <u>647,450</u> | | 640,495 | Bank of NY Mellon | 641,719 |
| | | | | | | | 647,450 | | | |
| Funds With Century Golf | 1,058,988 | | | | | <u>1,058,988</u> | | 1,058,988 | Century Golf | 886,416 |
| | | | | | | | 1,058,988 | | | |
| Totals | | | | | | | <u>\$ 16,617,669</u> | <u>\$ 16,531,654</u> | | <u>\$ 14,899,773</u> |

TREASURER'S MONTHLY REPORT
CALCULATION OF INVESTMENT LIMITATIONS

January 31, 2012

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| | Allowable Percentages | | Current Mo. |
|-----------------------------------|-----------------------|---------|--------------|
| | Minimum | Maximum | |
| <u>By Maturity:</u> | | | |
| 1 day to 365 days | \$8,000,000 | N/A | \$90,265,821 |
| 1 year to 3 years | 0.00% | 50.00% | 1.09% |
| 3 years to 5 years | 0.00% | 30.00% | 0.00% |
| over 5 years | N/A | N/A | 0.54% |
| <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% | 36.50% |
| 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 |
|---------------------------|--------------|-------------|---------------|
| | 40,939 | | |
| 40,940 | 40,939 | 1 | 58,250,821 |
| 40,940 | 40,939 | 1 | 15,000 |
| 40,879 | 40,939 | -60 | 0 |
| 40,900 | 40,939 | -39 | 0 |
| 40,905 | 40,939 | -34 | 0 |
| 40,913 | 40,939 | -26 | 0 |
| 40,927 | 40,939 | -12 | 0 |
| 40,934 | 40,939 | -5 | 0 |
| 40,953 | 40,939 | 14 | 14,000,000 |
| 40,961 | 40,939 | 22 | 44,000,000 |
| 40,963 | 40,939 | 24 | 48,000,000 |
| 40,963 | 40,939 | 24 | 48,000,000 |
| 40,969 | 40,939 | 30 | 60,000,000 |
| 40,998 | 40,939 | 59 | 59,000,000 |
| 41,017 | 40,939 | 78 | 156,000,000 |
| 41,019 | 40,939 | 80 | 80,000,000 |
| 41,038 | 40,939 | 99 | 198,000,000 |
| 41,038 | 40,939 | 99 | 99,000,000 |
| 41,059 | 40,939 | 120 | 240,000,000 |
| 41,073 | 40,939 | 134 | 268,000,000 |
| 41,075 | 40,939 | 136 | 136,000,000 |
| 41,136 | 40,939 | 197 | 394,000,000 |
| 41,143 | 40,939 | 204 | 408,000,000 |
| 41,158 | 40,939 | 219 | 438,000,000 |
| 41,201 | 40,939 | 262 | 524,000,000 |
| 41,206 | 40,939 | 267 | 534,000,000 |
| 41,236 | 40,939 | 297 | 297,000,000 |
| 41,382 | 40,939 | 443 | 443,000,000 |
| 43,196 | 40,939 | 2,257 | 1,125,326,658 |
| Total Investments at Cost | | | 5,671,592,479 |
| WAM in Days | | | 91,764,415 |
| | | | 61.81 |