



City Council Staff Report

DATE: April 3, 2013 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
FEBRUARY 28, 2013
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 February 28, 2013. 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 \$95,961,245 plus \$19,890,038 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$96,212,982.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of February 28, 2013.

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 105.47 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

CITY OF PALM SPRINGS
 TREASURER'S MONTHLY REPORT
 SUMMARY OF INVESTMENTS
 February 28, 2013

On Call Deposits	<u>Adjusted Basis</u>	<u>Category Total</u>	<u>Percentage</u>
Checking Account	\$ 2,072,961		
CalTrust ShortTerm	24,153,643		
CalTrust MidTerm	18,153,435		
State Pool	<u>15,012</u>	\$ 44,395,051	46.26%
Short Term Investments (1 year or less)			
U.S. Gov't Agencies	<u>47,069,000</u>	47,069,000	49.05%
Medium Term Investments (1 year to 3 years)			
Corporate Notes	1,000,000		
Time Deposits	200,000		
U.S. Gov't Agencies	<u>2,000,000</u>	3,200,000	3.33%
Long Term Investments (3 year to 5 years)			
Time Deposits	798,600		
U.S. Gov't Agencies	<u>498,594</u>	1,297,194	1.35%
		<u>\$ 95,961,245</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**

February 28, 2013

	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	N/A	AAA	open	None	2,072,961		\$ 2,072,961	1,874,963
CalTrust ShortTerm*	N/A		N/A	open	0.44%	24,153,643		24,161,472	27,148,244
CalTrust MidTerm	N/A		N/A	open	0.91%	18,153,435		18,135,490	18,112,139
Local Agency Invest Fund (LAIF)	15,012	variable	N/A	open	0.286%	15,012		15,029	15,029
							44,395,051		
Short Term Investments (1 year or less)									
U.S. Gov't Agency Securities									
Federal Farm Credit Bank	1,000,000	0.80%	N/A	10/23/12	0.80%	998,750		1,000,070	1,000,060
Federal Farm Credit Bank	1,000,000	0.90%	N/A	11/15/12	0.90%	999,000		999,640	999,970
Federal Farm Credit Bank	1,000,000	0.85%	N/A	11/15/12	0.85%	999,000		1,000,080	1,000,070
Federal Farm Credit Bank	2,000,000	0.92%	N/A	12/05/12	0.92%	1,998,500		1,997,640	1,998,125
Federal Home Loan Bank	2,000,000	1.00%	N/A	12/18/12	1.00%	1,999,000		1,999,420	2,000,140
Federal Home Loan Mortgage Corporation	2,000,000	1.03%	N/A	02/28/13	1.03%	0		0	2,003,060
Federal Home Loan Bank	2,000,000	1.10%	N/A	03/01/13	1.10%	2,000,000		2,001,250	0
Federal Home Loan Bank	2,000,000	1.250%	N/A	03/22/13	1.250%	2,000,000		2,001,020	2,001,020
Federal National Mortgage Association	2,000,000	1.125%	N/A	03/28/13	1.125%	2,000,000		2,000,760	1,997,020
Federal National Mortgage Association	1,000,000	2.50%	N/A	04/18/13	2.50%	1,000,000		1,002,730	1,006,420
Federal Farm Credit Bank	2,000,000	1.12%	N/A	05/20/13	1.12%	2,000,000		2,002,500	0
Federal National Mortgage Association	2,000,000	1.00%	N/A	06/06/13	1.00%	2,000,000		2,002,580	2,004,400
Federal National Mortgage Association	2,000,000	1.00%	N/A	06/07/13	1.00%	2,000,000		2,005,280	2,007,640
Federal Home Loan Mortgage Corporation	5,000,000	2.00%	N/A	07/07/13	2.00%	5,079,750		5,035,850	5,049,950
Federal Home Loan Mortgage Corporation	1,000,000	1.00%	N/A	07/11/13	1.00%	1,000,000		997,840	0
Federal Home Loan Mortgage Corporation	2,000,000	1.05%	N/A	07/16/13	1.05%	2,000,000		2,001,600	0
Federal Home Loan Bank	1,000,000	1.00%	N/A	07/30/13	1.00%	1,000,000		999,590	0
Federal Home Loan Bank	1,000,000	1.05%	N/A	08/12/13	1.05%	1,000,000		1,000,938	0
Federal Farm Credit Bank	2,000,000	0.98%	N/A	08/15/13	0.98%	1,997,000		2,005,880	2,007,400
Federal National Mortgage Association	1,000,000	1.00%	N/A	08/28/13	1.00%	998,000		1,002,330	1,003,200
Federal National Mortgage Association	2,000,000	1.10%	N/A	08/28/13	1.10%	2,000,000		2,006,250	2,008,300
Federal Home Loan Mortgage Corporation	2,000,000	1.00%	N/A	09/20/13	1.00%	2,000,000		2,004,160	2,005,440
Federal Home Loan Mortgage Corporation	2,000,000	1.04%	N/A	09/27/13	1.05%	2,000,000		2,004,460	2,005,860
Federal National Mortgage Association	2,000,000	1.07%	N/A	09/27/13	1.07%	2,000,000		2,006,640	2,007,560
Federal National Mortgage Association	4,000,000	1.03%	N/A	01/30/14	1.03%	4,000,000		4,000,080	0
Federal Home Loan Mortgage Corporation	2,000,000	1.13%	N/A	02/24/14	1.125%	2,000,000		2,010,340	2,011,820
							47,069,000		

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**TREASURER'S MONTHLY REPORT
 DETAIL OF INVESTMENTS
 February 28, 2013**

	<u>Par Value</u>	<u>Coupon Rate</u>	<u>Rating</u>	<u>Maturity or Call Date</u>	<u>Yield to Maturity</u>	<u>Adjusted Cost Basis</u>	<u>Category Total</u>	<u>(memo only) Market Value</u>	<u>Prior Qtr. Market Value</u>
Medium Term Investments (1 year to 3 years)									
Corporate Notes									
General Electric Capital Corporation	1,000,000	1.20%	A1/AA+	04/13/15	1.20%	<u>1,000,000</u>	1,000,000	995,430	991,650
Time Deposits									
Ally Bank CD	200,000	1.15%	N/A	7/27/15	1.15%	<u>200,000</u>	200,000	<u>200,000</u>	<u>200,000</u>
U.S. Gov't Agency Securities									
Federal National Mortgage Association	2,000,000	1.10%	N/A	03/20/14	1.100%	<u>2,000,000</u>	2,000,000	2,000,820	2,002,760
Long Term Investment (3 years to 5 years)									
Time Deposits									
GE Cap Retail Bank CD	200,000	1.35%	N/A	7/20/16	1.35%	200,000		205,208	205,555
GE Cap Bank CD	200,000	1.35%	N/A	7/20/16	1.35%	200,000		205,208	205,555
Goldman Sachs Bank CD	200,000	1.80%	N/A	7/25/17	1.80%	198,600		208,829	209,539
Discover Bank CD	200,000	1.70%	N/A	7/26/17	1.70%	<u>200,000</u>		207,958	208,635
							798,600		
U.S. Gov't Agency Securities									
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	<u>498,594</u>	498,594	715,651	715,088
							<u>498,594</u>		
							<u>\$ 95,961,245</u>	<u>\$ 96,212,982</u>	<u>\$ 88,006,612</u>
Total Invested Cash									

*Includes the following deposits of non-City funds:

	Principal	Interest	Total
Palm Springs Historical Society	250,000	436	250,436

TREASURER'S MONTHLY REPORT
 MISCELLANEOUS AND TRUST ACCOUNTS
 February 28, 2013

	<u>Par Value</u>	<u>Coupon</u>	<u>Rating</u>	<u>Maturity</u>	<u>Yield to Maturity</u>	<u>Adjusted Cost Basis</u>	<u>Category Total</u>
Total Invested Cash	\$ 95,961,245					\$ 95,961,245	\$ 95,961,245
Miscellaneous Accounts							
Petty Cash	4,000	N/A	N/A	open	None	4,000	
Trust & Agency - Bank of America	969,969	N/A	N/A	open	None	969,969	
Downpayment Assistance (Housing Fund) - JP Morgan Chase	33,804	0.10%	N/A	open	0.15%	33,804	
Workers Compensation - Bank of America	-29,658	N/A	N/A	open	None	-29,658	
General Liability - Bank of America	30,000	N/A	N/A	open	None	30,000	
1930's General Store Museum - Bank of America	5,683	N/A	N/A	open	None	5,683	
On-Line Credit Card Fire Inspection Fees -Bank of America	54,025	N/A	N/A	open	None	54,025	
On-Line Credit Card Transportation Permits -Bank of America	7,253	N/A	N/A	open	None	7,253	1,075,077
Total Cash Deposited							\$ 97,036,321

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TREASURER'S MONTHLY REPORT
 BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
 February 28, 2013

	<u>Par Value</u>	<u>Coupon Rate</u>	<u>Rating</u>	<u>Maturity</u>	<u>Yield to Maturity</u>	<u>Adjusted Cost Basis</u>	<u>Category Total</u>	(memo only) <u>Market Value</u>	<u>Source</u>	<u>Prior Qtr. Market Value</u>
2004/2012 Convention Center										
Invesco Government & Agency Private	245,837	variable	AAA	open	0.01%	245,837		245,836	Bank of NY Mellon	245,831
Federal Home Loan Mortgage Corporation	5,465,000	4.125%	N/A	9/27/13	1.93%	<u>5,867,848</u>		5,606,926	Bank of NY Mellon	5,624,359
							6,113,685			
1991/01 Series B - Housing										
Invesco Government & Agency Private	742,402	variable	AAA	open	0.02%	<u>742,402</u>		742,402	Bank of NY Mellon	478,081
							742,402			
1994/04 Series A & B										
Invesco Government & Agency Private	3,005,491	variable	AAA	open	0.01%	3,005,491		3,005,491	Bank of NY Mellon	97,713
Federal Home Loan Mortgage Corporation	965,000	4.125%	N/A	9/27/13	1.93%	1,036,134		986,770	Bank of NY Mellon	993,139
Federal Home Loan Mortgage Corporation	571,000	4.125%	N/A	9/27/13	1.93%	<u>613,091</u>		583,882	Bank of NY Mellon	587,650
							4,654,716			
1998 Airport PFC										
Invesco Government & Agency Private	146,783	variable	AAA	open	0.01%	146,783		146,783	Bank of NY Mellon	623,553
U.S. Treasury Note	918,000	1.375%	N/A	3/15/13	1.55%	<u>913,374</u>		918,395	Bank of NY Mellon	920,332
							1,060,157			
2001 Assessment District 157/158										
Invesco Government & Agency Private	1	variable	AAA	open	0.00%	<u>1</u>		1	Bank of NY Mellon	1
							1			
2002 Parking Structure										
Cash	3					3		3	Bank of NY Mellon	3
Invesco Government & Agency Private	2,593	variable	AAA	open	0.01%	<u>2,593</u>		2,593	Bank of NY Mellon	2,567
							2,597			
2004 Assessment District 161										
Invesco Government & Agency Private	494,530	variable	AAA	open	0.02%	494,530		494,530	Bank of NY Mellon	190,999
CIT Bank, Salt Lake City, Utah	205,000	3.05%	N/A	1/28/13	1.87%	<u>0</u>		0	Bank of NY Mellon	205,456
							494,530			

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TREASURER'S MONTHLY REPORT
 BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
 February 28, 2013

	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 162										
Invesco Government & Agency Private	95,275	variable	AAA	open	0.02%	95,275		95,275	Bank of NY Mellon	68,814
Capital One Bank USA National Association	88,000	4.15%	N/A	3/5/13	1.80%	93,846		88,049	Bank of NY Mellon	88,606
							189,120			
2005 Assessment District 164										
Invesco Government & Agency Private	174,781	variable	AAA	open	0.02%	174,781		174,781	Bank of NY Mellon	96,053
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		25,014	Bank of NY Mellon	25,172
							446,789			
2006 Airport PFC										
Invesco Government & Agency Private	668,934	variable	AAA	open	0.02%	668,934		668,934	Bank of NY Mellon	854,462
U.S. Treasury Note	855,000	1.375%	N/A	3/15/13	1.55%	850,692		855,368	Bank of NY Mellon	857,172
							1,519,625			
2007 Merged Project #1 & #2										
Invesco Government & Agency Private	0	variable	AAA	open	0.01%	0		0	Bank of NY Mellon	0
							0			
2007 Refunding Lease Revenue Bonds										
Invesco Government & Agency Private	1	variable	AAA	open	0.01%	1		1	Bank of NY Mellon	1
							1			
2008 Airport PFC Refunding										
Invesco Government & Agency Private	19,591	variable	AAA	open	0.02%	19,591		19,591	Bank of NY Mellon	19,591
Federal Home Loan Mortgage Corporation	603,000	4.125%	N/A	9/27/13	1.93%	647,450		616,604	Bank of NY Mellon	620,583
							667,040			
Reserve for 2012 Downtown Revitalization Lease Revenue Bond										
Invesco Government & Agency Private	3,188,774	variable	AAA	open	0.01%	3,188,774		3,188,774	Bank of NY Mellon	3,188,664
							3,188,774			
Funds With Century Golf										
	810,600					810,600		810,600	Century Golf	321,066
						810,600				
Totals							19,890,038	19,521,602		\$ 16,354,869

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TREASURER'S MONTHLY REPORT
 CALCULATION OF INVESTMENT LIMITATIONS
 February 28, 2013

<u>By Maturity:</u>	Allowable Percentages		Current Mo.
	Minimum	Maximum	
1 day to 365 days	\$8,000,000	N/A	\$91,464,051
1 year to 3 years	0.00%	50.00%	3.33%
3 years to 5 years	0.00%	30.00%	0.83%
over 5 years	N/A	N/A	0.52%
<u>By Type of Investment:</u>	Minimum	Maximum	Current Mo.
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%
Time Deposits	N/A	30.00%	1.04%
Corporate Notes	N/A	20.00%	1.04%
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%	51.65%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%

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