



## City Council Staff Report

DATE: December 17, 2008                      CONSENT CALENDAR

SUBJECT: TREASURER'S INVESTMENT REPORT AS OF  
OCTOBER 31, 2008

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 October 31, 2008. 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 \$80,674,952 plus \$32,893,451 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$81,031,571.

### RECOMMENDATION:

Receive and File Treasurer's Investment Report as of October 31, 2008.

### 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 funds, and on loan repayment programs managed by a bank.

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 AIG investment in the amount of \$1,290,000 (Bond Issue Reserve, Debt Service & Related Funds, 2004 Convention Center), was returned to the City on October 3, 2008, and is reflected on this report.

State law requires this report to be submitted within 30 days of the end of the quarter. Because all of the City's bank accounts may not be completely reconciled, there may be minor adjustments to the cash on hand in the checking account and to the valuation of the bond issue's money market investments. All other amounts are actual.

The weighted average maturity (WAM) of the portfolio is 307 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

treasrcp  
11/24/2008

**CITY OF PALM SPRINGS  
TREASURER'S MONTHLY REPORT  
SUMMARY OF INVESTMENTS  
OCTOBER 31, 2008**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ -722,049		
State Pool	<u>52,000,000</u>	\$ 51,277,951	63.56%
Short Term Investments (1 year or less)			
Mortgage Pass-Thrus	1,914,527		
Time Deposits	1,940,000		
U.S. Gov't Agencies	<u>989,280</u>	4,843,807	6.00%
Medium Term Investments (1 year to 3 years)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	4,027,239		
U.S. Gov't Agencies	<u>14,241,930</u>	21,054,600	26.10%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>3,498,594</u>	<u>3,498,594</u>	<u>4.34%</u>
		<u>\$ 80,674,952</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, 2008

treasrcp  
 11/24/2008

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
<b>On Call Deposits</b>										
Checking - Bank of America	N/A	variable	AAA	open	1.33%	\$ -722,049		\$ -722,049		-722,049
Local Agency Invest Fund (LAIF)	\$ 52,000,000	variable	N/A	open	2.71%	52,000,000	\$1,277,951	\$1,955,160	LAIF	\$9,497,058
<b>Short Term Investments (1 year or less)</b>										
<b>Mortgage Pass-Thrus</b>										
Federal Home Loan Mortgage Corporation	1,800,000	4.50%	N/A	11/01/08	5.07%	142,752		150,145	BNY Western Tr	245,183
Federal Home Loan Mortgage Corporation	3,000,000	5.00%	N/A	02/01/09	5.08%	130,477		131,359	BNY Western Tr	141,245
Federal Home Loan Mortgage Corporation	2,335,000	4.50%	N/A	03/01/09	4.88%	520,057		528,340	BNY Western Tr	564,175
Federal Home Loan Mortgage Corporation	480,000	4.00%	N/A	04/01/09	5.18%	155,700		161,234	BNY Western Tr	168,833
Federal Home Loan Mortgage Corporation	540,000	3.50%	N/A	06/01/09	4.79%	222,885		235,357	BNY Western Tr	242,258
Federal Home Loan Mortgage Corporation	570,000	4.50%	N/A	09/01/09	5.37%	245,509		255,485	BNY Western Tr	268,896
Federal Home Loan Mortgage Corporation	3,000,000	5.00%	N/A	10/01/09	5.43%	194,350		198,200	BNY Western Tr	200,875
Federal Home Loan Mortgage Corporation	2,050,000	4.50%	N/A	10/01/09	5.03%	302,797	1,914,527	306,746	BNY Western Tr	316,495
<b>Time Deposits</b>										
CD Account Registry Service (CDARS)	1,000,000	4.00%	AAA	03/12/09	4.08%	1,000,000		1,000,000	Palin Desert Nat. Bank	1,000,000
CD Account Registry Service (CDARS)	940,000	3.00%	AAA	07/16/09	3.06%	940,000	1,940,000	940,000	Palin Desert Nat. Bank	940,000
<b>U.S. Gov't Agency Securities</b>										
Federal Home Loan Mortgage Corporation	1,000,000	3.38%	N/A	04/15/09	3.65%	989,280	989,280	1,003,125	BNY Western Tr	999,688
<b>Medium Term Investments (1 year to 3 years)</b>										
<b>Corporate Notes</b>										
Wells Fargo & Company	800,000	5.98%	Aa1	10/29/10	4.20%	795,160		786,976	BNY Western Tr	785,920
SBC Communications, Inc.	1,000,000	5.30%	A2	11/15/10	5.17%	1,004,150		992,370	BNY Western Tr	1,015,240
Goldman Sachs Group, Inc.	1,000,000	5.00%	Aa3	01/15/11	5.37%	986,120	2,785,430	931,040	BNY Western Tr	901,930

TREASURER'S MONTHLY REPORT  
 DETAIL OF INVESTMENTS  
 OCTOBER 31, 2008

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Price Qtr. Market Value
<b>Mortgage Pass-Thrus</b>										
Federal National Mortgage Association	2,700,000	4.50%	N/A	01/01/16	4.91%	429,501		443,459	BNY Western Tr	466,080
Federal National Mortgage Association	2,500,000	4.50%	N/A	02/01/16	4.46%	494,999		499,272	BNY Western Tr	507,850
Federal Home Loan Mortgage Corporation	1,455,000	4.00%	N/A	02/01/16	5.22%	327,530		341,959	BNY Western Tr	349,617
Federal National Mortgage Association	1,000,000	4.00%	N/A	03/01/16	5.12%	287,643		296,490	BNY Western Tr	302,578
Federal Home Loan Mortgage Corporation	2,280,000	4.50%	N/A	05/01/16	5.29%	632,383		660,441	BNY Western Tr	673,254
Federal Home Loan Mortgage Corporation	1,370,000	5.00%	N/A	09/01/16	5.32%	342,427		346,119	BNY Western Tr	359,199
Federal National Mortgage Association	500,000	4.00%	N/A	10/01/16	4.92%	186,956		191,724	BNY Western Tr	194,252
Federal Home Loan Bank	775,000	4.75%	N/A	10/25/16	4.88%	480,567		484,269	BNY Western Tr	490,384
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	407,170		422,452	BNY Western Tr	427,751
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	340,668		353,785	BNY Western Tr	357,912
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	97,597	4,027,239	104,972	BNY Western Tr	103,604
<b>U.S. Gov't Agency Securities</b>										
Federal Home Loan Bank	500,000	4.10%	N/A	03/08/10	4.60%	494,293		500,000	BNY Western Tr	500,000
Federal Home Loan Bank	750,000	5.30%	N/A	12/15/10	5.40%	747,658		752,344	BNY Western Tr	753,516
Federal Home Loan Mortgage Corporation	1,000,000	4.05%	N/A	12/30/10	4.05%	1,000,000		1,007,690	BNY Western Tr	1,006,510
Federal Farm Credit Bank	1,000,000	4.38%	N/A	06/29/11	4.38%	1,000,000		1,006,250	BNY Western Tr	1,005,938
Federal Home Loan Mortgage Corporation	1,000,000	4.00%	N/A	06/24/11	4.00%	1,000,000		1,001,760	BNY Western Tr	1,001,480
Federal Home Loan Bank	1,000,000	4.10%	N/A	06/24/11	4.10%	1,000,000		1,006,875	BNY Western Tr	1,006,250
Federal Home Loan Bank	1,000,000	4.13%	N/A	06/24/11	4.13%	1,000,000		1,011,219	BNY Western Tr	1,006,563
Federal National Mortgage Association	1,000,000	4.00%	N/A	06/24/11	4.00%	1,000,000		1,004,478	BNY Western Tr	1,004,688
Federal Home Loan Mortgage Corporation	1,000,000	4.25%	N/A	06/30/11	4.25%	1,000,000		1,007,400	BNY Western Tr	1,006,406
Federal Home Loan Bank	1,000,000	4.28%	N/A	06/30/11	4.28%	1,000,000		1,006,875	BNY Western Tr	1,004,688
Federal Farm Credit Bank	1,000,000	4.10%	N/A	07/07/11	4.10%	1,000,000		1,004,063	BNY Western Tr	1,005,938
Federal Home Loan Bank	2,000,000	5.50%	N/A	07/27/11	5.50%	2,000,000		2,032,500	BNY Western Tr	2,033,123
Federal Home Loan Bank	1,000,000	5.50%	N/A	07/27/11	5.50%	1,000,000		1,016,250	BNY Western Tr	1,016,563
Federal Farm Credit Bank	1,000,000	4.00%	N/A	08/11/11	4.00%	1,000,000	14,241,950	1,003,125	BNY Western Tr	1,001,875
<b>Long Term Investment (3 years to 5 years)</b>										
<b>U.S. Gov't Agency Securities</b>										
Federal Home Loan Bank	1,000,000	4.02%	N/A	12/23/11	4.02%	1,000,000		1,005,625	BNY Western Tr	1,002,500
Federal Home Loan Mortgage Corporation	1,000,000	4.02%	N/A	06/25/12	4.02%	1,000,000		1,003,220	BNY Western Tr	1,000,980
Federal Home Loan Mortgage Corporation	1,000,000	5.30%	N/A	10/16/12	5.30%	0		0	BNY Western Tr	1,001,180
Federal Home Loan Mortgage Corporation	1,000,000	4.00%	N/A	06/10/13	4.00%	1,000,000		1,002,680	BNY Western Tr	1,004,040
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	3,498,594	663,750	Nation's Bank	684,688
<b>Total Invested Cash</b>										
							\$ 80,674,952	\$ 81,031,571		\$ 89,843,863

**TREASURER'S MONTHLY REPORT  
MISCELLANEOUS AND TRUST ACCOUNTS  
OCTOBER 31, 2008**

treasrep  
11/24/2008

	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
<b>Total Invested Cash</b>	\$ 80,674,952					\$ 80,674,952	\$ 80,674,952
<b>Miscellaneous Accounts</b>							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	9,022	N/A	N/A	open	none	9,022	
Trust & Agency - Bank of America	1,315,729	N/A	N/A	open	none	1,315,729	
Downpayment Assistance (Housing Fund) - Washington Mutual	33,640	variable	N/A	open	0.25%	33,640	
Workers Compensation - Bank of America	-20,234	N/A	N/A	open	none	-20,234	
General Liability - Bank of America	19,678	N/A	N/A	open	none	19,678	1,360,735
<b>Deposits Held in Trust</b>							
Time Deposits (FDIC Insured)							
Guaranty Bank (Coyote Springs Apt)	19,829	2.72%	N/A	6/24/2009	2.75%	19,829	19,829
<b>Total Cash Deposited</b>							\$ 82,055,516

**TREASURER'S MONTHLY REPORT**  
**BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS**  
**OCTOBER 31, 2008**

treasurp  
 11/24/08

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Price Qtr. Market Value
1991/97/01/04 Convention Center AIM Government & Agency Portf Private AIG Investment Agreement	9,826,081 1,290,000	variable 6.68%	AAA AAA	open 11/01/21	1.22% 6.68%	9,826,081 0	9,826,081	9,826,081 0	BNY Western Tr BNY Western Tr	5,101,641 1,290,000
1992/06 Airport AIM Government & Agency Portf Private	1,319,243	variable	AAA	open	1.22%	1,319,243	1,319,243	1,319,243	BNY Western Tr	1,244,057
1991/01 Series B - Housing AIM Government & Agency Portf Private	476,621	variable	AAA	open	1.22%	476,621	476,621	476,621	BNY Western Tr	476,573
1994/04 Series A & B AIM Government & Agency Portf Private MBIA Investment Agreement	2,467,612 1,651,456	variable 5.17%	AAA AAA	open 09/01/34	1.22% 5.17%	2,467,612 1,651,456	4,119,068	2,467,612 1,651,456	BNY Western Tr BNY Western Tr	2,463,930 1,651,456
1998 Airport GARB AIM Government & Agency Portf Private	216	variable	AAA	open	1.22%	216	216	216	BNY Western Tr	367
1998/08 Airport PFC AIM Government & Agency Portf Private	1,486,832	variable	AAA	open	1.22%	1,486,832	1,486,832	1,486,832	BNY Western Tr	1,381,161
1998 Assessment District 155 A&B AIM Government & Agency Portf Private	284,296	variable	AAA	open	1.22%	284,296	284,296	284,296	BNY Western Tr	283,860
2001 Assessment District 157/158 AIM Government & Agency Portf Private	186,445	variable	AAA	open	1.22%	186,445	186,445	186,445	BNY Western Tr	186,178

**TREASURER'S MONTHLY REPORT  
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS  
OCTOBER 31, 2008**

treasurp  
11/24/08

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
<b>2002 Parking Structure</b>										
Cash	3					3				
ALM Government & Agency Portf Private	53,948	variable	AAA	open	1.22%	53,948	53,951	53,948	BNY Western Tr BNY Western Tr	3 32,282
<b>2004 Assessment District 161</b>										
ALM Government & Agency Portf Private	413,554	variable	AAA	open	1.22%	413,554	413,554	413,554	BNY Western Tr	412,948
<b>2004 Assessment District 162</b>										
ALM Government & Agency Portf Private	161,207	variable	AAA	open	1.22%	161,207	161,207	161,207	BNY Western Tr	160,972
<b>2005 Assessment District 164</b>										
ALM Government & Agency Portf Private	367,946	variable	AAA	open	1.22%	367,946	367,946	367,946	BNY Western Tr	367,409
<b>2007 Merged Project #1 &amp; #2</b>										
Cash	0					0				
ALM Government & Agency Portf Private	13,542,469	variable	AAA	open	1.22%	13,542,469	13,542,469	13,542,469	BNY Western Tr BNY Western Tr	17 13,522,991
<b>2007 Refunding Lease Revenue Bonds</b>										
ALM Government & Agency Portf Private	93	variable	AAA	open	1.22%	93	93	93	BNY Western Tr	416,550
<b>2008 Airport PFC Refunding</b>										
Cash	0					0				
ALM Government & Agency Portf Private	655,430	variable	AAA	open	1.22%	655,430	655,430	655,430	BNY Western Tr BNY Western Tr	169 654,689
<b>Totals</b>						<b>\$ 32,893,451</b>	<b>\$ 32,893,451</b>	<b>\$ 32,893,451</b>		<b>\$ 29,647,253</b>



TREASURER'S MONTHLY REPORT  
 CALCULATION OF INVESTMENT LIMITATIONS  
 OCTOBER 31, 2008

treasrep  
 11/24/08

	Allowable Percentages		Current Mo.
	Minimum	Maximum	
<b>By Maturity:</b>			
1 day to 365 days	\$8,000,000	N/A	\$56,121,758
1 year to 3 years	0.00%	50.00%	26.10%
3 years to 5 years	0.00%	30.00%	3.72%
over 5 years	N/A	N/A	0.62%

	Allowable Percentages		Current Mo.
	Minimum	Maximum	
<b>By Type of Investment:</b>			
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%	2.40%
Corporate Notes	N/A	20.00%	3.45%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thru's	N/A	10.00%	7.37%
U.S. Government Agencies	N/A	50.00%	23.22%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%