



City Council Staff Report

DATE: January 21, 2009 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
NOVEMBER 30, 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 November 30, 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 \$78,260,311 plus \$27,658,697 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$78,777,073.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of November 30, 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 335.02 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
NOVEMBER 30, 2008**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ -244,374		
State Pool	<u>47,500,000</u>	\$ 47,255,626	60.38%
Short Term Investments (1 year or less)			
Mortgage Pass-Thrus	1,625,670		
Time Deposits	1,940,000		
U.S. Gov't Agencies	<u>989,280</u>	4,554,950	5.82%
Medium Term Investments (1 year to 3 years)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	3,923,781		
U.S. Gov't Agencies	<u>15,241,930</u>	21,951,141	28.05%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>4,498,594</u>	<u>4,498,594</u>	5.75%
		<u>\$ 78,260,311</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
NOVEMBER 30, 2008

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(items only) Market Value	Source	Prior Qtr. Market Value
On Call Deposits										
Checking - Bank of America	\$ N/A	variable	AAA	open	0.73%	\$ -244,374		\$ -244,374		\$ -721,049
Local Agency Invest Fund (LAIF)	47,500,000	variable	N/A	open	2.57%	47,500,000	47,255,626	47,459,041	LAIF	59,497,018
Short Term Investments (1 year or less)										
Mortgage Pass - Thrus										
Federal Home Loan Mortgage Corporation	1,800,000	4.50%	N/A	11/01/08	5.07%	0		0	BNY Western Tr	245,183
Federal Home Loan Mortgage Corporation	3,000,000	5.00%	N/A	02/01/09	5.08%	101,705		102,533	BNY Western Tr	141,245
Federal Home Loan Mortgage Corporation	2,335,000	4.50%	N/A	03/01/09	4.88%	459,416		465,881	BNY Western Tr	564,175
Federal Home Loan Mortgage Corporation	480,000	4.00%	N/A	04/01/09	5.18%	146,634		152,066	BNY Western Tr	168,833
Federal Home Loan Mortgage Corporation	540,000	3.50%	N/A	06/01/09	4.75%	209,999		222,312	BNY Western Tr	242,258
Federal Home Loan Mortgage Corporation	570,000	4.50%	N/A	08/01/09	5.37%	231,340		238,903	BNY Western Tr	268,896
Federal Home Loan Mortgage Corporation	3,000,000	5.50%	N/A	03/01/09	5.43%	193,844		197,611	BNY Western Tr	206,815
Federal Home Loan Mortgage Corporation	2,050,000	4.50%	N/A	10/01/09	5.03%	282,731		286,944	BNY Western Tr	316,495
							1,625,670			
Time Deposits										
CD Account Registry Services (CDARS)	1,000,000	4.00%	AAA	03/12/09	4.08%	1,000,000		1,000,000	Palm Desert Nat. Bank	1,000,000
CD Account Registry Service (CDARS)	940,000	3.00%	AAA	07/16/09	3.00%	940,000		940,000	Palm Desert Nat. Bank	940,000
							1,940,000			
U.S. Gov't Agency Securities										
Federal Home Loan Mortgage Corporation	1,000,000	3.38%	N/A	04/15/09	3.65%	989,280		1,008,438	BNY Western Tr	999,688
							989,280			
Medium Term Investments (1 year to 3 years)										
Corporate Notes										
Wells Fargo & Company	800,000	3.98%	A-1	10/29/10	4.20%	795,160		789,736	BNY Western Tr	785,920
SBC Communications, Inc.	1,000,000	5.30%	A-2	11/25/10	5.17%	1,004,150		992,450	BNY Western Tr	1,015,240
Goldman Sachs Group, Inc.	1,500,000	5.00%	A-3	01/15/11	5.37%	986,120		939,920	BNY Western Tr	901,930
							2,785,430			

TREASURER'S MONTHLY REPORT
 DETAIL OF INVESTMENTS
 NOVEMBER 30, 2008

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	Market Value (intra only)	Source	Prior Qtr. Market Value
Mortgage Pass-Through										
Federal National Mortgage Association	2,700,000	4.50%	N/A	03/01/10	4.91%	413,364		422,488	BNY Western Tr	466,080
Federal National Mortgage Association	2,500,000	4.50%	N/A	02/01/10	4.46%	480,503		479,314	BNY Western Tr	507,850
Federal Home Loan Mortgage Corporation	1,455,000	4.50%	N/A	02/01/10	5.22%	318,881		326,870	BNY Western Tr	349,617
Federal National Mortgage Association	1,000,000	4.00%	N/A	03/01/10	5.12%	279,318		287,266	BNY Western Tr	302,578
Federal Home Loan Mortgage Corporation	2,380,000	4.50%	N/A	05/01/10	5.29%	611,099		631,448	BNY Western Tr	673,254
Federal Home Loan Mortgage Corporation	1,370,000	5.00%	N/A	09/01/10	5.35%	332,864		355,914	BNY Western Tr	359,199
Federal National Mortgage Association	500,000	4.00%	N/A	10/01/10	4.99%	183,842		188,008	BNY Western Tr	194,252
Federal Home Loan Bank	775,000	4.75%	N/A	10/23/10	4.88%	475,718		481,043	BNY Western Tr	490,384
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	398,564		404,529	BNY Western Tr	427,731
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	334,220		346,507	BNY Western Tr	357,912
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.97%	95,407	3,923,781	97,539	BNY Western Tr	103,604
U.S. Gov't Agency Securities										
Federal Home Loan Bank	500,000	4.10%	N/A	03/08/10	4.60%	494,293		503,136	BNY Western Tr	500,000
Federal Home Loan Bank	750,000	5.30%	N/A	12/15/10	5.40%	747,638		750,938	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		1,011,406	BNY Western Tr	1,006,510
Federal Farm Credit Bank	1,000,000	4.38%	N/A	06/23/11	4.38%	1,000,000		1,013,750	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		1,001,520	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		1,027,813	BNY Western Tr	1,006,250
Federal Home Loan Bank	1,000,000	4.15%	N/A	06/24/11	4.13%	1,000,000		1,025,620	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		1,014,318	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		1,013,270	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		1,014,063	BNY Western Tr	1,005,938
Federal Farm Credit Bank	1,000,000	4.10%	N/A	07/07/11	4.10%	1,000,000		1,012,813	BNY Western Tr	1,003,438
Federal Home Loan Bank	2,000,000	5.50%	N/A	07/27/11	5.50%	2,000,000		2,045,625	BNY Western Tr	2,033,125
Federal Home Loan Bank	1,000,000	5.50%	N/A	07/27/11	5.50%	1,000,000		1,022,813	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		1,013,125	BNY Western Tr	1,001,875
Federal Home Loan Bank	1,000,000	3.25%	N/A	11/28/11	3.25%	1,000,000	3,524,930	998,125	BNY Western Tr	1,001,875
U.S. Gov't Agency Securities										
Federal Home Loan Bank	1,000,000	4.02%	N/A	12/23/11	4.02%	1,000,000		1,010,938	BNY Western Tr	1,002,500
Federal Home Loan Bank	1,000,000	4.00%	N/A	03/03/12	4.00%	1,000,000		1,010,938	BNY Western Tr	0
Federal Home Loan Mortgage Corporation	1,000,000	4.02%	N/A	06/25/12	4.02%	1,000,000		1,018,109	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		1,010,060	BNY Western Tr	1,004,040
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	4,498,594	712,500	NationsBank	684,688
Total Invested Cash							\$ 78,260,311	\$ 78,777,073		\$ 89,845,863

Log Term Investment
 (3 years to 5 years)

Total Invested Cash

**TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
NOVEMBER 30, 2008**

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 78,260,311					\$ 78,260,311	\$ 78,260,311
Miscellaneous Accounts							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	15,157	N/A	N/A	open	none	15,157	
Trust & Agency - Bank of America	1,300,306	N/A	N/A	open	none	1,300,306	
Downpayment Assistance (Housing Fund) - Washington Mutual	33,640	variable	N/A	open	0.25%	33,640	
Workers Compensation - Bank of America	2,959	N/A	N/A	open	none	2,959	
General Liability - Bank of America	634	N/A	N/A	open	none	634	1,356,596
Deposits Held In Trust							
Time Deposits (FDIC Insured)							
Guaranty Bank (Coyote Springs Apt)	19,829	2.72%	N/A	6/24/2009	2.75%	19,829	19,829
Total Cash Deposited							\$ 79,636,736

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
NOVEMBER 30, 2008

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Price Qtr. Market Value
1991/07/01/04 Convention Center										
AIM Government & Agency Portf Private	5,878,438	variable	AAA	open	1.04%	5,878,438		5,878,438	BNY Western Tr	5,103,641
AIG Investment Agreement	1,290,000	6.68%	AAA	11/01/21	6.68%	0		0	BNY Western Tr	1,290,030
							5,878,438			
1992/06 Airport										
ADM Government & Agency Portf Private	1,393,850	variable	AAA	open	1.04%	1,393,850		1,393,850	BNY Western Tr	1,244,057
1991/01 Series B - Housing										
AIM Government & Agency Portf Private	477,046	variable	AAA	open	1.04%	477,046		477,046	BNY Western Tr	476,373
1994/03 Series A & B										
AIM Government & Agency Portf Private	2,469,833	variable	AAA	open	1.04%	2,469,833		2,469,833	BNY Western Tr	2,463,950
MBIA Investment Agreement	1,651,456	5.17%	AAA	09/01/24	5.17%	1,651,456		1,651,456	BNY Western Tr	1,651,456
							4,121,289			
1998 Airport GARB										
Cash	217					217		217	BNY Western Tr	0
AIM Government & Agency Portf Private	0	variable	AAA	open	1.04%	0		0	BNY Western Tr	367
							217			
1998/08 Airport PFC										
ADM Government & Agency Portf Private	1,592,881	variable	AAA	open	1.04%	1,592,881		1,592,881	BNY Western Tr	1,381,161
1988 Assessment District 155 A&B										
AIM Government & Agency Portf Private	284,550	variable	AAA	open	1.04%	284,550		284,550	BNY Western Tr	283,860
							284,550			

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
NOVEMBER 30, 2008

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	Per Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
2003 Assessment District 157/158 AIM Government & Agency Portf Private	186,612	variable	AAA	open	1.04%	186,612	186,612	186,612	BNY Western Tr	186,178
2002 Parking Structure Cash	3									
AIM Government & Agency Portf Private	19,827	variable	AAA	open	1.04%	19,827	19,827	19,827	BNY Western Tr BNY Western Tr	32,282
2004 Assessment District 161 AIM Government & Agency Portf Private	413,923	variable	AAA	open	1.04%	413,923	413,923	413,923	BNY Western Tr	412,948
2004 Assessment District 162 AIM Government & Agency Portf Private	161,351	variable	AAA	open	1.04%	161,351	161,351	161,351	BNY Western Tr	160,972
2005 Assessment District 164 AIM Government & Agency Portf Private	368,274	variable	AAA	open	1.04%	368,274	368,274	368,274	BNY Western Tr	367,409
2007 Merged Project #1 & #2 Cash	0									
AIM Government & Agency Portf Private	12,104,535	variable	AAA	open	1.04%	12,104,535	12,104,535	12,104,535	BNY Western Tr BNY Western Tr	13,522,991
2007 Refunding Lease Revenue Bonds AIM Government & Agency Portf Private	93	variable	AAA	open	1.04%	93	93	93	BNY Western Tr	416,550
2008 Airport PFC Refunding Cash	0									
AIM Government & Agency Portf Private	655,809	variable	AAA	open	1.04%	655,809	655,809	655,809	BNY Western Tr BNY Western Tr	654,689
Totals							\$ 27,658,697	\$ 27,658,697		\$ 29,641,253

TREASURER'S MONTHLY REPORT
 CALCULATION OF INVESTMENT LIMITATIONS
 NOVEMBER 30, 2008

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	Allowable Percentages		Current Mo.
	Minimum	Maximum	
<u>By Maturity:</u>			
1 day to 365 days	\$8,000,000	N/A	\$51,810,576
1 year to 3 years	0.00%	50.00%	28.05%
3 years to 5 years	0.00%	30.00%	5.11%
over 5 years	N/A	N/A	0.64%
<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%	2.48%
Corporate Notes	N/A	20.00%	3.56%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thru's	N/A	10.00%	7.09%
U.S. Government Agencies	N/A	50.00%	26.49%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%