



City Council Staff Report

DATE: APRIL 15, 2009 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
FEBRUARY 28, 2009
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, 2009. 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 \$94,881,020 plus \$24,758,425 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$95,787,776.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of February 28, 2009.

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

ITEM NO. 2.E.

under current market conditions. We recommend that this exception to the policy be continued.

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 229 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
FEBRUARY 28, 2009

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 728,100		
State Pool	<u>66,300,000</u>	\$ 67,028,100	70.64%
Short Term Investments (1 year or less)			
Mortgage Pass-Thrus	2,184,585		
Time Deposits	1,846,500		
U.S. Gov't Agencies	<u>989,280</u>	5,020,365	5.29%
Medium Term Investments (1 year to 3 years)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	2,548,531		
U.S. Gov't Agencies	<u>14,000,000</u>	19,333,961	20.38%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>3,498,594</u>	<u>3,498,594</u>	<u>3.69%</u>
		 <u>\$ 94,881,020</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
FEBRUARY 28, 2009**

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On Call Deposits	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(in millions) Market Value	Source	Profit Qtr. Market Value
Checking - Bank of America	\$ N/A	variable	AAA	open	2.15%	\$ 728,100		\$ 728,100		\$ 5,955,514
Local Agency Invest Fund (LAIF)	66,300,000	variable	N/A	open	1.87%	66,300,000	67,028,102	56,499,789	LAIF	51,454,588

**Short Term Investments
(1 year or less)**

Mortgage Pass-Thrus	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(in millions) Market Value	Source	Profit Qtr. Market Value
Federal Home Loan Mortgage Corporation	3,000,000	5.00%	N/A	02/01/09	5.08%	0		0	BNY Western Tr	41,305
Federal Home Loan Mortgage Corporation	2,315,000	4.50%	N/A	03/01/09	4.88%	221,512		227,984	BNY Western Tr	411,296
Federal Home Loan Mortgage Corporation	480,000	4.00%	N/A	04/01/09	5.18%	113,102		118,624	BNY Western Tr	546,617
Federal Home Loan Mortgage Corporation	540,000	3.50%	N/A	06/01/09	4.79%	181,855		195,969	BNY Western Tr	213,511
Federal Home Loan Mortgage Corporation	570,000	4.50%	N/A	09/01/09	5.37%	170,163		179,178	BNY Western Tr	236,064
Federal Home Loan Mortgage Corporation	3,000,000	5.50%	N/A	10/01/09	5.43%	178,088		182,542	BNY Western Tr	59,286
Federal Home Loan Mortgage Corporation	2,050,000	4.50%	N/A	10/01/09	5.03%	255,188		237,887	BNY Western Tr	275,659
Federal National Mortgage Association	2,700,000	4.50%	N/A	01/01/10	4.91%	359,878		374,693	BNY Western Tr	416,854
Federal National Mortgage Association	2,500,000	4.50%	N/A	02/01/10	4.46%	414,127		419,742	BNY Western Tr	469,361
Federal Home Loan Mortgage Corporation	1,455,000	4.50%	N/A	02/01/10	5.22%	290,672	2,184,585	307,194	BNY Western Tr	324,149

Time Deposits

CD Account Registry Service (CDARS)	906,500	4.00%	AAA	03/12/09	4.06%	906,500		906,500	Palm Desert Nat. Bank	1,000,000
CD Account Registry Service (CDARS)	940,000	3.00%	AAA	07/16/09	3.00%	940,000	1,846,500	940,000	Palm Desert Nat. Bank	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		1,003,125	BNY Western Tr	1,008,125
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**Medium Term Investments
(1 year to 3 years)**

Corporate Notes	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(in millions) Market Value	Source	Profit Qtr. Market Value
Wells Fargo & Company	800,000	3.98%	A-1	10/29/10	4.20%	795,169		778,375	BNY Western Tr	793,625
SBC Communications, Inc	1,000,000	5.30%	A-2	11/15/10	5.17%	1,034,150		1,023,740	BNY Western Tr	1,016,480
Goldman Sachs Group, Inc.	1,000,000	5.00%	A-3	01/15/11	5.37%	986,120	2,785,430	985,770	BNY Western Tr	968,594

**TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
FEBRUARY 28, 2009**

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(annually) Market Value	Source	Prcl Qtr Market Value
Mortgage Pass-Thrus										
Federal National Mortgage Association:	1,000,000	4.00%	N/A	03/01/10	5.12%	244,905		258,883	BNY Western Tr	279,212
Federal Home Loan Mortgage Corporation	2,280,000	4.50%	N/A	05/01/10	5.29%	563,726		590,709	BNY Western Tr	622,239
Federal Home Loan Mortgage Corporation	1,370,000	5.00%	N/A	09/01/10	5.35%	320,968		331,829	BNY Western Tr	337,457
Federal National Mortgage Association:	500,000	4.00%	N/A	10/01/08	4.95%	171,656		182,771	BNY Western Tr	186,425
Federal Home Loan Bank	775,000	4.75%	N/A	12/28/10	4.88%	464,324		473,425	BNY Western Tr	481,690
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	374,361		394,250	BNY Western Tr	402,399
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	316,824		353,814	BNY Western Tr	345,038
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	89,772	2,548,531	93,266	BNY Western Tr	97,309
U.S. Gov't Agency Securities										
Federal Home Loan Bank	500,000	4.10%	N/A	03/08/10	4.60%	0		0	BNY Western Tr	500,156
Federal Home Loan Mortgage Corporation	1,000,000	4.05%	N/A	12/30/10	4.08%	1,000,000		1,009,520	BNY Western Tr	1,015,660
Federal Farm Credit Bank	1,000,000	4.38%	N/A	06/23/11	4.38%	1,000,000		1,010,313	BNY Western Tr	1,016,563
Federal Home Loan Bank	1,000,000	4.10%	N/A	06/24/11	4.10%	1,000,000		1,034,375	BNY Western Tr	1,044,063
Federal Home Loan Bank	1,000,000	4.13%	N/A	06/24/11	4.13%	1,000,000		1,034,688	BNY Western Tr	1,044,375
Federal National Mortgage Association:	1,000,000	4.00%	N/A	06/24/11	4.00%	1,000,000		1,029,375	BNY Western Tr	1,035,315
Federal Home Loan Mortgage Corporation	1,000,000	4.25%	N/A	06/30/11	4.25%	1,000,000		1,010,580	BNY Western Tr	1,016,719
Federal Home Loan Bank	1,000,000	4.28%	N/A	06/30/11	4.28%	1,000,000		1,010,623	BNY Western Tr	1,017,188
Federal Farm Credit Bank	1,000,000	4.10%	N/A	07/07/11	4.62%	1,000,000		1,010,938	BNY Western Tr	1,016,563
Federal Home Loan Bank	2,000,000	5.50%	N/A	07/27/11	5.52%	2,000,000		2,036,250	BNY Western Tr	2,053,125
Federal Home Loan Bank	1,000,000	5.50%	N/A	07/27/11	5.52%	1,000,000		1,018,123	BNY Western Tr	1,026,563
Federal Farm Credit Bank	1,000,000	4.00%	N/A	08/31/11	4.00%	1,000,000		1,013,125	BNY Western Tr	1,018,750
Federal Home Loan Bank	1,000,000	3.25%	N/A	11/28/11	3.25%	1,000,000		1,014,375	BNY Western Tr	1,020,315
Federal Home Loan Bank	1,000,000	4.02%	N/A	12/23/11	4.02%	1,000,000	34,000,000	1,009,063	BNY Western Tr	1,014,688
Long Term Investment (3 years to 5 years)										
U.S. Gov't Agency Securities										
Federal Home Loan Bank	1,000,000	4.00%	N/A	05/02/12	4.00%	1,000,000		1,011,500	BNY Western Tr	1,021,813
Federal Home Loan Mortgage Corporation	1,000,000	4.02%	N/A	06/23/12	4.02%	1,000,000		1,031,510	BNY Western Tr	1,034,350
Federal Home Loan Mortgage Corporation	1,000,000	4.00%	N/A	06/10/13	4.00%	1,000,000		1,008,050	BNY Western Tr	1,011,380
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	3,498,594	713,188	NationsBank	757,656
Total Invested Cash							\$ 94,881,020	\$ 95,787,776		\$ 85,250,931

TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
FEBRUARY 28, 2009

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 94,881,020					\$ 94,881,020	\$ 94,881,020
Miscellaneous Accounts							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	11,498	N/A	N/A	open	none	11,498	
Trust & Agency - Bank of America	1,285,683	N/A	N/A	open	none	1,285,683	
Downpayment Assistance (Housing Fund) - Washington Mutual	33,650	variable	N/A	open	0.12%	33,650	
Workers Compensation - Bank of America	7,780	N/A	N/A	open	none	7,780	
General Liability - Bank of America	32,363	N/A	N/A	open	none	32,363	1,374,873
Deposits Held in Trust							
Time Deposits (FDIC Insured)	19,829	2.72%	N/A	6/24/2009	2.75%	19,829	19,829
Guaranty Bank (Coyote Springs Apt)							
Total Cash Deposited							\$ 96,275,722

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
FEBRUARY 28, 2009

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(in millions) Market Value	Source	Prior Qtr. Market Value
1991/97/01/04 Conventions Center AIM Government & Agency Portf Private	5,888,605	variable	AAA	open	0.27%	5,888,605	5,888,605	5,888,605	BNY Western Tr	5,883,253
1992/06 Airport AIM Government & Agency Portf Private	1,327,874	variable	AAA	open	0.27%	1,327,874	1,327,874	1,327,874	BNY Western Tr	1,468,389
1991/04 Series B - Housing AIM Government & Agency Portf Private	472,656	variable	AAA	open	0.27%	472,656	472,656	472,656	BNY Western Tr	477,422
1994/04 Series A & B AIM Government & Agency Portf Private	5,058,858	variable	AAA	open	0.27%	5,058,858	5,058,858	5,058,858	BNY Western Tr	2,471,777
MBIA Investment Agreement	0	5.17%	AAA	09/01/34	5.17%	0	0	0	BNY Western Tr	1,651,456
1998 Airport GARB Cash	217					217	217	217	BNY Western Tr	217
1998/08 Airport PFC AIM Government & Agency Portf Private	1,050,312	variable	AAA	open	0.27%	1,050,312	1,050,312	1,050,312	BNY Western Tr	1,746,275
1998 Assessments District 155 A&B AIM Government & Agency Portf Private	305,247	variable	AAA	open	0.27%	305,247	305,247	305,247	BNY Western Tr	384,773

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
FEBRUARY 28, 2009

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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
2001 Assessment District 157/158 AIM Government & Agency Portf Private	203,999	variable	AAA	open	0.27%	203,999	203,999	203,999	BNY Western Tr	186,759
2002 Parking Structure Cash	3					3				3
AIM Government & Agency Portf Private	16	variable	AAA	open	0.27%	16	19	16	BNY Western Tr	19,627
2004 Assessment District 161 AIM Government & Agency Portf Private	522,840	variable	AAA	open	0.27%	522,840	522,840	522,840	BNY Western Tr	414,248
2004 Assessment District 162 AIM Government & Agency Portf Private	192,600	variable	AAA	open	0.27%	192,600	192,600	192,600	BNY Western Tr	161,478
2005 Assessment District 164 AIM Government & Agency Portf Private	454,899	variable	AAA	open	0.27%	454,899	454,899	454,899	BNY Western Tr	368,564
2007 Merged Project #1 & #2 AIM Government & Agency Portf Private	8,553,106	variable	AAA	open	0.27%	8,553,106	8,553,106	8,553,106	BNY Western Tr	10,814,236
2007 Refunding Lease Revenue Bonds AIM Government & Agency Portf Private	93	variable	AAA	open	0.27%	93	93	93	BNY Western Tr	93
2008 Airport PFC Refunding AIM Government & Agency Portf Private	727,101	variable	AAA	open	0.27%	727,101	727,101	727,101	BNY Western Tr	647,944
Totals						\$ 24,758,425	\$ 24,758,425	\$ 26,596,512		

TREASURER'S MONTHLY REPORT
 CALCULATION OF INVESTMENT LIMITATIONS
 FEBRUARY 28, 2009

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	Allowable Percentages			Current Mo.
	Minimum	Maximum		
<u>By Maturity:</u>				
1 day to 365 days	\$8,000,000	N/A		\$72,048,465
1 year to 3 years	0.00%	50.00%		20.38%
3 years to 5 years	0.00%	30.00%		3.16%
over 5 years	N/A	N/A		0.53%
<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%		1.95%
Corporate Notes	N/A	20.00%		2.94%
Money Market Mutual Funds	N/A	10.00%		0.00%
Mortgage Pass Thrus	N/A	10.00%		4.99%
U.S. Government Agencies	N/A	50.00%		19.49%
U.S. Treasury Notes/Bonds	N/A	N/A		0.00%