



City Council Staff Report

DATE: JULY 1, 2009 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
May 31, 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 May 31, 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 \$109,856,204 plus \$23,368,178 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$110,697,213.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of May 31, 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, 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

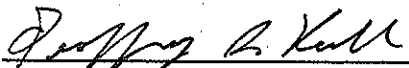
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Treasurer's Investment Report as of May 31, 2009

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

The weighted average maturity (WAM) of the portfolio is 177 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
MAY 31, 2009**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 4,053,136		
State Pool	<u>80,000,000</u>	\$ 84,053,136	76.51%
Short Term Investments (1 year or less)			
Mortgage Pass-Thrus	2,108,205		
Time Deposits	1,846,500		
U.S. Gov't Agencies	<u>0</u>	3,954,705	3.60%
Medium Term Investments (1 year to 3 years)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	1,564,340		
U.S. Gov't Agencies	<u>15,000,000</u>	19,349,770	17.61%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>2,498,594</u>	<u>2,498,594</u>	<u>2.27%</u>
		\$ <u><u>109,856,204</u></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

MAY 31, 2009

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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
On Call Deposits										
Checking - Bank of America	\$ N/A	variable	AAA	open	0.15%	\$ 4,053,136		\$ 4,053,136		\$ 3,408,460
Local Agency Invest Fund (L.AIF)	80,000,000	variable	N/A	open	1.53%	80,000,000	84,053,136	80,146,363	L.AIF	60,983,215
Short Term Investments (1 year or less)										
Mortgage Pass-Thrus										
Federal Home Loan Mortgage Corporation	480,000	4.00%	N/A	04/01/09	5.18%	0		0	BNY Western Tr	81,579
Federal Home Loan Mortgage Corporation	540,000	3.50%	N/A	06/01/09	4.79%	51,903		65,811	BNY Western Tr	174,141
Federal Home Loan Mortgage Corporation	570,000	4.50%	N/A	09/01/09	5.37%	125,918		134,941	BNY Western Tr	160,508
Federal Home Loan Mortgage Corporation	3,000,000	5.50%	N/A	10/01/09	5.43%	165,645		170,839	BNY Western Tr	181,961
Federal Home Loan Mortgage Corporation	2,050,000	4.50%	N/A	10/01/09	5.03%	221,000		223,868	BNY Western Tr	246,141
Federal National Mortgage Association	2,700,000	4.50%	N/A	01/01/10	4.91%	281,091		296,314	BNY Western Tr	348,715
Federal National Mortgage Association	2,500,000	4.50%	N/A	02/01/10	4.46%	349,267		356,033	BNY Western Tr	394,398
Federal Home Loan Mortgage Corporation	1,455,000	4.50%	N/A	02/01/10	5.22%	231,248		249,674	BNY Western Tr	285,265
Federal National Mortgage Association	1,000,000	4.00%	N/A	03/01/10	5.12%	211,553		228,142	BNY Western Tr	247,432
Federal Home Loan Mortgage Corporation	2,280,000	4.50%	N/A	05/01/10	5.29%	470,599	2,108,205	499,247	BNY Western Tr	564,392
Time Deposits										
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
CD Account Registry Service (CDARS)	906,500	2.30%	AAA	03/11/10	2.33%	906,500	1,846,500	906,500	Palm Desert Nat. Bank	906,500
U.S. Gov't Agency Securities										
Federal Home Loan Mortgage Corporation	1,000,000	3.38%	N/A	04/15/09	3.65%	0		0	BNY Western Tr	1,000,938
Medium Term Investments (1 year to 3 years)										
Corporate Notes										
Wells Fargo & Company	800,000	3.98%	Aa1	10/29/10	4.20%	795,160		802,560	BNY Western Tr	767,464
SBC Communications, Inc.	1,000,000	5.30%	A2	11/15/10	5.17%	1,004,150		1,039,140	BNY Western Tr	1,030,270
Goldman Sachs Group, Inc.	1,000,000	5.00%	Aa3	01/15/11	5.37%	986,120	2,785,430	1,024,150	BNY Western Tr	992,650

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TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
MAY 31, 2009

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
Mortgage Pass-Thrus										
Federal Home Loan Mortgage Corporation	1,370,000	5.00%	N/A	09/01/10	5.35%	286,541		299,789	BNY Western Tr	325,054
Federal National Mortgage Association	500,000	4.00%	N/A	10/01/10	4.95%	153,560		164,093	BNY Western Tr	175,446
Federal Home Loan Bank	775,000	4.75%	N/A	10/25/10	4.88%	432,365		446,742	BNY Western Tr	468,951
Federal Home Loan Mortgage Corporation	1,015,552	4.50%	N/A	02/01/11	5.24%	328,549		353,444	BNY Western Tr	374,022
Federal Home Loan Mortgage Corporation	695,000	4.00%	N/A	04/01/11	5.22%	282,735		304,354	BNY Western Tr	321,126
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	80,590	1,564,340	87,380	BNY Western Tr	92,036
U.S. Gov't Agency Securities										
Federal Home Loan Mortgage Corporation	1,000,000	4.05%	N/A	12/30/10	4.05%	1,000,000		1,002,850	BNY Western Tr	1,007,350
Federal Farm Credit Bank	1,000,000	4.38%	N/A	06/23/11	4.38%	1,000,000		1,002,500	BNY Western Tr	1,007,500
Federal Home Loan Bank	1,000,000	4.10%	N/A	06/24/11	4.10%	1,000,000		1,035,313	BNY Western Tr	1,033,438
Federal Home Loan Bank	1,000,000	4.13%	N/A	06/24/11	4.13%	1,000,000		1,035,625	BNY Western Tr	1,033,438
Federal National Mortgage Association	1,000,000	4.00%	N/A	06/24/11	4.00%	1,000,000		1,002,188	BNY Western Tr	1,006,563
Federal Home Loan Mortgage Corporation	1,000,000	4.25%	N/A	06/30/11	4.25%	1,000,000		1,002,940	BNY Western Tr	1,007,490
Federal Home Loan Bank	1,000,000	4.28%	N/A	06/30/11	4.28%	1,000,000		1,003,125	BNY Western Tr	1,007,813
Federal Farm Credit Bank	1,000,000	4.10%	N/A	07/07/11	4.10%	1,000,000		1,003,438	BNY Western Tr	1,007,813
Federal Home Loan Bank	2,000,000	5.50%	N/A	07/27/11	5.50%	2,000,000		2,015,625	BNY Western Tr	2,028,125
Federal Home Loan Bank	1,000,000	5.50%	N/A	07/27/11	5.50%	1,000,000		1,007,813	BNY Western Tr	1,014,063
Federal Farm Credit Bank	1,000,000	4.00%	N/A	08/11/11	4.00%	1,000,000		1,006,563	BNY Western Tr	1,010,000
Federal Home Loan Bank	1,000,000	3.25%	N/A	11/28/11	3.25%	1,000,000		1,018,750	BNY Western Tr	1,014,688
Federal Home Loan Bank	1,000,000	4.02%	N/A	12/23/11	4.02%	1,000,000		1,002,188	BNY Western Tr	1,006,250
Federal Home Loan Bank	1,000,000	4.00%	N/A	05/03/12	4.00%	1,000,000	15,000,000	1,013,125	BNY Western Tr	1,015,000
U.S. Gov't Agency Securities										
Federal Home Loan Mortgage Corporation	1,000,000	4.02%	N/A	06/25/12	4.02%	1,000,000		1,032,400	BNY Western Tr	1,031,320
Federal Home Loan Mortgage Corporation	1,000,000	4.00%	N/A	06/10/13	4.00%	1,000,000		1,000,880	BNY Western Tr	1,005,625
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	2,498,594	719,375	NationsBank	731,406
Long Term Investment (3 years to 5 years)										
Total Invested Cash										
							\$ 109,856,204	\$ 110,697,213		\$ 92,458,544

**TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS**

MAY 31, 2009

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 109,856,204					\$ 109,856,204	\$ 109,856,204
Miscellaneous Accounts							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	11,520	N/A	N/A	open	none	11,520	
Trust & Agency - Bank of America	1,243,234	N/A	N/A	open	none	1,243,234	
Downpayment Assistance (Housing Fund) - Washington Mutual	33,651	variable	N/A	open	0.01%	33,651	
Workers Compensation - Bank of America	2,583	N/A	N/A	open	none	2,583	
General Liability - Bank of America	30,000	N/A	N/A	open	none	30,000	1,324,888
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							\$ 111,200,921

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
MAY 31, 2009

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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 AIM Government & Agency Portf Private	5,888,942	variable	AAA	open	0.05%	5,888,942	5,888,942	5,888,942	BNY Western Tr	5,889,981
1992/06 Airport AIM Government & Agency Portf Private	1,561,677	variable	AAA	open	0.05%	1,561,677	1,561,677	1,561,677	BNY Western Tr	1,405,911
1991/01 Series B - Housing AIM Government & Agency Portf Private	472,863	variable	AAA	open	0.04%	472,863	472,863	472,863	BNY Western Tr	472,767
1994/04 Series A & B AIM Government & Agency Portf Private	3,948,399	variable	AAA	open	0.05%	3,948,399	3,948,399	3,948,399	BNY Western Tr	3,947,588
1998/08 Airport PFC AIM Government & Agency Portf Private	1,449,616	variable	AAA	open	0.05%	1,449,616	1,449,616	1,449,616	BNY Western Tr	1,236,140
1998 Assessment District 155 A&B AIM Government & Agency Portf Private	289,578	variable	AAA	open	0.05%	289,578	289,578	289,578	BNY Western Tr	289,519
2001 Assessment District 157/158 AIM Government & Agency Portf Private	187,010	variable	AAA	open	0.05%	187,010	187,010	187,010	BNY Western Tr	186,972
2002 Parking Structure Cash	3									
AIM Government & Agency Portf Private	19,793	variable	AAA	open	0.05%	19,793	19,793	19,796	BNY Western Tr	11,991
2004 Assessment District 161 AIM Government & Agency Portf Private	412,741	variable	AAA	open	0.05%	412,741	412,741	412,741	BNY Western Tr	412,656
2004 Assessment District 162 AIM Government & Agency Portf Private	161,721	variable	AAA	open	0.05%	161,721	161,721	161,721	BNY Western Tr	161,688
2005 Assessment District 164 AIM Government & Agency Portf Private	367,499	variable	AAA	open	0.05%	367,499	367,499	367,499	BNY Western Tr	367,423
2007 Merged Project #1 & #2 AIM Government & Agency Portf Private	7,960,163	variable	AAA	open	0.05%	7,960,163	7,960,163	7,960,163	BNY Western Tr	8,509,096
2007 Refunding Lease Revenue Bonds AIM Government & Agency Portf Private	32	variable	AAA	open	0.06%	32	32	32	BNY Western Tr	1,341,550
2008 Airport PFC Refunding AIM Government & Agency Portf Private	648,141	variable	AAA	open	0.04%	648,141	648,141	648,141	BNY Western Tr	648,138
Totals						\$ 23,368,178	\$ 23,368,178	\$ 23,368,178		\$ 24,881,423

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TREASURER'S MONTHLY REPORT
CALCULATION OF INVESTMENT LIMITATIONS

MAY 31, 2009

	Allowable Percentages		
	Minimum	Maximum	Current Mo.
<u>By Maturity:</u>			
1 day to 365 days	\$8,000,000	N/A	\$88,007,840
1 year to 3 years	0.00%	50.00%	17.61%
3 years to 5 years	0.00%	30.00%	1.82%
over 5 years	N/A	N/A	0.45%

By Type of Investment:

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%	1.68%
Corporate Notes	N/A	20.00%	2.54%
Money Market Mutual Funds	N/A	10.00%	0.00%
Mortgage Pass Thrus	N/A	10.00%	3.34%
U.S. Government Agencies	N/A	50.00%	15.93%
U.S. Treasury Notes/Bonds	N/A	N/A	0.00%