



City Council Staff Report

DATE: September 2, 2009 CONSENT CALENDAR

SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
June 30, 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 June 30, 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 \$108,407,461 plus \$23,539,591 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$109,183,884.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of June 30, 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

ITEM NO. 2.5.

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

The weighted average maturity (WAM) of the portfolio is 175 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
JUNE 30, 2009**

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ 4,916,053		
State Pool	<u>80,000,000</u>	\$ 84,916,053	78.33%
Short Term Investments (1 year or less)			
Mortgage Pass-Thrus	1,876,979		
Time Deposits	1,846,500		
U.S. Gov't Agencies	<u>0</u>	3,723,479	3.43%
Medium Term Investments (1 year to 3 years)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	1,483,905		
U.S. Gov't Agencies	<u>11,000,000</u>	15,269,335	14.09%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>4,498,594</u>	<u>4,498,594</u>	<u>4.15%</u>
	\$	<u><u>108,407,461</u></u>	<u><u>100.00%</u></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
 JUNE 30, 2009

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On Call Deposits	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(inmate only) Market Value	Source	Prior Qtr Market Value
Checking - Bank of America	\$ N/A	variable	AAA	open	0.15%	\$ 4,916,053		\$ 4,916,053		\$ 3,208,460
Local Agency Invest Fund (LAIJF)	80,000,000	variable	N/A	open	1.38%	80,000,000	84,916,053	80,146,363	LAIJF	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%	0		0	BNY Western Tr	174,141
Federal Home Loan Mortgage Corporation	570,000	4.50%	N/A	06/01/09	5.37%	86,380		95,172	BNY Western Tr	160,508
Federal Home Loan Mortgage Corporation	3,000,000	5.50%	N/A	12/01/09	5.43%	149,215		154,185	BNY Western Tr	181,981
Federal Home Loan Mortgage Corporation	2,050,000	4.50%	N/A	10/01/10	5.05%	207,241		210,079	BNY Western Tr	246,141
Federal National Mortgage Association	2,700,000	4.50%	N/A	01/01/10	4.9%	266,142		280,406	BNY Western Tr	348,715
Federal National Mortgage Association	2,500,000	4.50%	N/A	02/01/10	4.46%	329,363		334,862	BNY Western Tr	394,398
Federal Home Loan Mortgage Corporation	1,455,000	4.50%	N/A	02/01/10	5.22%	212,225		230,261	BNY Western Tr	285,265
Federal National Mortgage Association	1,000,000	4.00%	N/A	03/01/10	5.12%	185,047		196,669	BNY Western Tr	247,432
Federal Home Loan Mortgage Corporation	2,280,000	4.50%	N/A	05/01/10	5.29%	441,166	1,876,979	470,144	BNY Western Tr	564,392
Time Deposits										
CD Account Registry Service (CDARS)	540,000	3.00%	AAA	07/16/09	3.00%	540,000		540,000	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. Govt Agency Securities										
Federal Home Loan Mortgage Corporation	1,000,000	3.36%	N/A	04/15/09	3.65%	0		0	BNY Western Tr	1,000,358
Medium Term Investments (1 year to 3 years)										
Corporate Notes										
Wells Fargo & Company	800,000	3.98%	AA-	10/29/10	4.20%	795,169		815,136	BNY Western Tr	767,464
SBC Communications, Inc.	1,050,000	5.30%	A	11/15/10	5.17%	1,054,150		1,038,210	BNY Western Tr	1,030,270
Goldman Sachs Group, Inc.	1,000,000	5.00%	A	01/15/11	5.37%	996,120	2,785,450	1,027,310	BNY Western Tr	992,650

**TREASURER'S MONTHLY REPORT
DETAIL OF INVESTMENTS
JUNE 30, 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
Mortgage Pass-Thrus							1,483,905			
Federal Home Loan Mortgage Corporation	1,370,000	5.08%	N/A	09/01/10	5.35%	264,197		276,858	BNY Western Tr	325,054
Federal National Mortgage Association	500,000	4.08%	N/A	10/01/10	4.95%	145,585		152,621	BNY Western Tr	175,446
Federal Home Loan Bank	775,000	4.75%	N/A	10/25/10	4.88%	419,385		434,443	BNY Western Tr	468,951
Federal Home Loan Mortgage Corporation	1,615,552	4.58%	N/A	02/01/11	5.24%	310,459		334,449	BNY Western Tr	374,022
Federal Home Loan Mortgage Corporation	695,000	4.05%	N/A	04/01/11	5.23%	266,570		287,900	BNY Western Tr	321,126
Federal Home Loan Mortgage Corporation	200,000	4.50%	N/A	05/01/11	5.37%	77,709		82,272	BNY Western Tr	92,036
							1,483,905			
U.S. Gov't Agency Securities										
Federal Home Loan Mortgage Corporation	1,000,000	4.05%	N/A	12/30/10	4.05%	0		0	BNY Western Tr	1,007,350
Federal Farm Credit Bank	1,000,000	4.38%	N/A	06/23/11	4.38%	0		0	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		1,033,125	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		1,033,438	BNY Western Tr	1,033,438
Federal National Mortgage Association	1,000,000	4.00%	N/A	06/24/11	4.00%	0		0	BNY Western Tr	1,006,563
Federal Home Loan Mortgage Corporation	1,000,000	4.25%	N/A	06/30/11	4.25%	0		0	BNY Western Tr	1,007,490
Federal Home Loan Bank	1,000,000	4.28%	N/A	06/30/11	4.28%	0		0	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		1,000,625	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		2,007,500	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		1,003,750	BNY Western Tr	1,014,063
Federal Farm Credit Bank	1,000,000	4.80%	N/A	08/11/11	4.80%	5,000,000		1,003,750	BNY Western Tr	1,014,063
Federal Home Loan Bank	1,000,000	3.35%	N/A	11/28/11	3.25%	1,000,000		1,017,813	BNY Western Tr	1,014,688
Federal Home Loan Bank	1,000,000	4.02%	N/A	12/23/11	4.02%	0		0	BNY Western Tr	1,006,250
Federal Home Loan Bank	1,020,000	4.00%	N/A	05/03/12	4.00%	1,000,000		1,010,625	BNY Western Tr	1,015,000
Federal Home Loan Mortgage Corporation	1,000,000	4.02%	N/A	06/23/12	4.02%	1,000,000		1,000,120	BNY Western Tr	1,031,320
Federal Home Loan Bank	1,000,000	2.50%	N/A	06/29/12	2.50%	1,000,000		1,003,750	BNY Western Tr	0
							11,000,000			
Long Term Investment (3 years to 5 years)										
U.S. Gov't Agency Securities										
Federal Home Loan Mortgage Corporation	2,000,000	2.75%	N/A	12/24/12	2.75%	2,000,000		2,009,520	BNY Western Tr	0
Federal Home Loan Bank	1,000,000	2.30%	N/A	12/24/12	2.30%	1,000,000		999,688	BNY Western Tr	0
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	12/28/12	2.50%	1,000,000		1,007,120	BNY Western Tr	0
Federal Home Loan Mortgage Corporation	1,000,000	4.00%	N/A	06/10/13	4.00%	0		0	BNY Western Tr	1,005,625
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,394		692,969	NationsBank	751,406
							4,498,594			
Total Invested Cash							\$ 1,038,407,463	\$ 1,091,183,884		\$ 92,458,544

Long Term Investment
(3 years to 5 years)

TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
JUNE 30, 2009

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 108,407,461					\$ 108,407,461	\$ 108,407,461
Miscellaneous Accounts							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	15,139	N/A	N/A	open	none	15,139	
Trust & Agency - Bank of America	1,208,579	N/A	N/A	open	none	1,208,579	
Downpayment Assistance (Housing Fund) - Washington Mutual	33,652	0.01%	N/A	open	0.01%	33,652	
Workers Compensation - Bank of America	4,860	N/A	N/A	open	none	4,860	
General Liability - Bank of America	27,580	N/A	N/A	open	none	27,580	1,293,710
Deposits Held In Trust							
Time Deposits (FDIC Insured)	20,372	1.99%	N/A	6/24/2010	2.00%	20,372	20,372
Guaranty Bank (Coyote Springs Apt)							
Total Cash Deposited							\$ 109,721,543

TREASURER'S MONTHLY REPORT
BOND ISSUE RESERVE, DEBT SERVICE & RELATED FUNDS
JUNE 30, 2009

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	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	Market Value (Interest only)	Source	Prior Qtr. Market Value
3591970104 Convention Center ADM Government & Agency Fund Private	5,889,192	variable	AAA	open	0.04%	5,889,192	5,889,192	5,889,192	BNY Western Tr	5,389,982
199206 Airport ADM Government & Agency Fund Private	1,639,485	variable	AAA	open	0.04%	1,639,485	1,639,485	1,639,485	BNY Western Tr	1,405,911
199191 Series B - Housing ADM Government & Agency Fund Private	472,883	variable	AAA	open	0.04%	472,883	472,883	472,883	BNY Western Tr	472,767
199454 Series A & B ADM Government & Agency Fund Private	3,948,567	variable	AAA	open	0.04%	3,948,567	3,948,567	3,948,567	BNY Western Tr	3,947,548
199458 Airport PFC ADM Government & Agency Fund Private	1,556,292	variable	AAA	open	0.04%	1,556,292	1,556,292	1,556,292	BNY Western Tr	1,336,140
1993 Assessment District 155 A&B ADM Government & Agency Fund Private	289,591	variable	AAA	open	0.04%	289,591	289,591	289,591	BNY Western Tr	289,519
2003 Assessment District 1571.58 ADM Government & Agency Fund Private	187,018	variable	AAA	open	0.05%	187,018	187,018	187,018	BNY Western Tr	186,972
2002 Parking Structure Cash	3									
ADM Government & Agency Fund Private	11,123	variable	AAA	open	0.05%	11,123	11,123	11,123	BNY Western Tr	3
2004 Assessment District 161 ADM Government & Agency Fund Private	412,758	variable	AAA	open	0.05%	412,758	412,758	412,758	BNY Western Tr	11,991
2004 Assessment District 162 ADM Government & Agency Fund Private	161,728	variable	AAA	open	0.04%	161,728	161,728	161,728	BNY Western Tr	412,656
2005 Assessment District 164 ADM Government & Agency Fund Private	367,514	variable	AAA	open	0.05%	367,514	367,514	367,514	BNY Western Tr	161,688
2007 Maged Project #1 & #2 ADM Government & Agency Fund Private	7,955,262	variable	AAA	open	0.05%	7,955,262	7,955,262	7,955,262	BNY Western Tr	367,423
2007 Refinancing Lease Revenue Bonds ADM Government & Agency Fund Private	32	variable	AAA	open	0.06%	32	32	32	BNY Western Tr	8,509,096
2008 Airport PFC Refinancing ADM Government & Agency Fund Private	648,141	variable	AAA	open	0.04%	648,141	648,141	648,141	BNY Western Tr	1,341,550
Totals						23,559,591	23,559,591	23,559,591		24,881,423

TREASURER'S MONTHLY REPORT
CALCULATION OF INVESTMENT LIMITATIONS

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JUNE 30, 2009

	Allowable Percentages			Current Mo.
	Minimum	Maximum		
By Maturity:				
1 day to 365 days	\$8,000,000	N/A		\$88,639,532
1 year to 3 years	0.00%	50.00%		14.09%
3 years to 5 years	0.00%	30.00%		3.69%
over 5 years	N/A	N/A		0.46%
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%		1.70%
Corporate Notes	N/A	20.00%		2.57%
Money Market Mutual Funds	N/A	10.00%		0.00%
Mortgage Pass Thrus	N/A	10.00%		3.10%
U.S. Government Agencies	N/A	50.00%		14.30%
U.S. Treasury Notes/Bonds	N/A	N/A		0.00%