



City Council Staff Report

DATE: September 16, 2009 CONSENT CALENDAR
SUBJECT: TREASURER'S INVESTMENT REPORT AS OF
July 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 July 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 \$100,776,532 plus \$22,843,346 in bond issue capital projects, reserve and debt service funds. The market value of the invested cash is \$101,502,472.

RECOMMENDATION:

Receive and File Treasurer's Investment Report as of July 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.

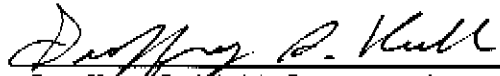
The investments, in type, maturity and as a percentage of the total portfolio, are in compliance with the existing City Council-approved investment policy with one exception: the FICO notes (\$500,000, 4/16/18, 9.8%) exceed the 5 year limitation on maturities (Detail of Investments, Long Term Investments, 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

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

The weighted average maturity (WAM) of the portfolio is 198 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
JULY 31, 2009

On Call Deposits	Adjusted Basis	Category Total	Percentage
Checking Account	\$ -1,475,322		
State Pool	<u>80,000,000</u>	\$ 78,524,678	77.92%
Short Term Investments (1 year or less)			
Mortgage Pass-Thrus	1,701,243		
Time Deposits	<u>1,846,500</u>	3,547,743	3.52%
Medium Term Investments (1 year to 3 years)			
Corporate Notes	2,785,430		
Mortgage Pass-Thrus	1,420,087		
U.S. Gov't Agencies	<u>7,000,000</u>	11,205,517	11.12%
Long Term Investments (3 years to 5 years)			
U.S. Gov't Agencies	<u>7,498,594</u>	<u>7,498,594</u>	<u>7.44%</u>
		\$ <u>100,776,532</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
JULY 31, 2009**

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	Component	Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(memo only) Market Value	Source	Prior Qtr. Market Value
Dir. Call Deposits										
	Checking - Bank of America			open	0.15%	\$ -1,475,322		\$ -1,475,322		\$ 4,916,053
	Local Agency Invest Fund (LAIF)	variable	N/A	open	1.04%	80,000,000	78,524,678	80,104,379	LAIF	80,146,363
Short Term Investments (1 year or less)										
Mortgage Pass-Throughs										
	Federal Home Loan Mortgage Corporation	4.50%	N/A	09/01/09	5.37%	26,631		34,523	BNY Western Tr	95,172
	Federal Home Loan Mortgage Corporation	5.50%	N/A	10/01/09	5.43%	143,747		148,619	BNY Western Tr	154,185
	Federal Home Loan Mortgage Corporation	4.50%	N/A	10/01/09	5.03%	191,938		194,517	BNY Western Tr	210,079
	Federal National Mortgage Association	4.50%	N/A	01/01/10	4.91%	333,192		266,778	BNY Western Tr	280,406
	Federal National Mortgage Association	4.50%	N/A	02/01/10	4.46%	308,052		312,695	BNY Western Tr	334,862
	Federal Home Loan Mortgage Corporation	4.50%	N/A	02/01/10	5.22%	300,625		318,214	BNY Western Tr	230,261
	Federal National Mortgage Association	4.00%	N/A	05/01/10	5.12%	170,678		182,089	BNY Western Tr	196,669
	Federal Home Loan Mortgage Corporation	4.50%	N/A	05/01/10	5.29%	406,421	1,701,243	434,357	BNY Western Tr	470,144
Time Deposits										
	CD Account Registry Service (CDARS)	3.00%	AAA	07/16/09	3.00%	0		0	Palm Desert Nat. Bank	540,000
	CD Account Registry Service (CDARS)	2.30%	AAA	05/11/09	2.33%	906,500		906,500	Palm Desert Nat. Bank	906,500
	CD Account Registry Service (CDARS)	1.60%	AAA	07/15/09	1.63%	940,000	1,846,500	940,000	Palm Desert Nat. Bank	0
Medium Term Investments (1 year to 3 years)										
Corporate Notes										
	Wells Fargo & Company	3.98%	AA-	10/28/10	4.20%	795,160		819,368	BNY Western Tr	815,136
	SBC Communications, Inc.	5.30%	A	11/15/10	5.17%	1,004,150		1,041,020	BNY Western Tr	1,038,210
	Goldman Sachs Group, Inc.	5.00%	A	01/15/11	5.37%	986,130	2,765,430	1,037,330	BNY Western Tr	1,027,510
Mortgage Pass-Throughs										
	Federal Home Loan Mortgage Corporation	5.00%	N/A	09/01/10	5.35%	255,104		265,283	BNY Western Tr	276,858
	Federal National Mortgage Association	4.00%	N/A	10/01/10	4.95%	136,914		145,800	BNY Western Tr	152,621
	Federal Home Loan Bank	4.75%	N/A	10/25/10	4.88%	408,244		421,416	BNY Western Tr	434,445
	Federal Home Loan Mortgage Corporation	4.50%	N/A	02/01/11	5.24%	291,903		314,991	BNY Western Tr	334,449
	Federal Home Loan Mortgage Corporation	4.00%	N/A	04/01/11	5.22%	236,225		277,349	BNY Western Tr	287,500
	Federal Home Loan Mortgage Corporation	4.50%	N/A	05/01/11	5.37%	73,697	1,420,087	78,226	BNY Western Tr	82,272

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TREASURER'S MONTHLY REPORT
 DETAIL OF INVESTMENTS
 JULY 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
U.S. Gov't Agency Securities										
Federal Home Loan Bank	1,000,000	4.10%	N/A	08/24/11	4.10%	1,000,000		1,051,875	BNY Western Tr	1,035,125
Federal Home Loan Bank	1,000,000	4.13%	N/A	08/24/11	4.13%	1,000,000		1,051,875	BNY Western Tr	1,035,438
Federal Farm Credit Bank	1,000,000	4.10%	N/A	07/27/11	4.10%	0		0	BNY Western Tr	1,000,625
Federal Home Loan Bank	2,000,000	5.50%	N/A	07/27/11	5.50%	0		0	BNY Western Tr	2,007,500
Federal Home Loan Bank	1,000,000	5.50%	N/A	07/27/11	5.50%	0		0	BNY Western Tr	1,005,750
Federal Farm Credit Bank	1,000,000	4.00%	N/A	08/11/11	4.00%	1,000,000		1,000,938	BNY Western Tr	1,005,750
Federal Home Loan Bank	1,000,000	3.25%	N/A	11/28/11	3.25%	1,000,000		1,016,563	BNY Western Tr	1,017,813
Federal Home Loan Bank	1,000,000	4.00%	N/A	05/23/12	4.00%	1,000,000		1,008,125	BNY Western Tr	1,010,625
Federal Home Loan Mortgage Corporation	1,500,000	4.02%	N/A	06/25/12	4.02%	1,000,000		1,027,940	BNY Western Tr	1,030,120
Federal Home Loan Bank	1,000,000	2.50%	N/A	06/29/12	2.50%	1,000,000	7,000,000	1,001,875	BNY Western Tr	1,005,750
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		2,005,580	BNY Western Tr	2,029,520
Federal Home Loan Bank	1,000,000	2.30%	N/A	12/24/12	2.30%	1,000,000		1,000,938	BNY Western Tr	999,688
Federal Home Loan Mortgage Corporation	1,000,000	2.50%	N/A	12/28/12	2.50%	1,000,000		1,000,000	BNY Western Tr	1,007,120
Federal National Mortgage Association	1,000,000	3.00%	N/A	01/02/13	3.00%	1,000,000		1,001,563	BNY Western Tr	0
Federal Home Loan Mortgage Corporation	1,000,000	2.25%	N/A	01/30/13	2.25%	1,000,000		992,520	BNY Western Tr	0
Federal National Mortgage Association	1,000,000	4.00%	N/A	07/31/14	4.00%	1,000,000		1,001,250	BNY Western Tr	0
Financing Corporation (FICO)	500,000	9.80%	N/A	04/06/18	9.80%	498,594	7,498,594	707,500	NationsBank	692,969
								<u>\$ 1,001,776,532</u>		<u>\$ 1,061,883,884</u>
								<u>\$ 3,015,023,472</u>		

Long Term Investment
 (3 years to 5 years)

Total Invested Cash

**TREASURER'S MONTHLY REPORT
MISCELLANEOUS AND TRUST ACCOUNTS
JULY 31, 2009**

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	Par Value	Coupon	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total
Total Invested Cash	\$ 100,776,532					\$ 100,776,532	\$ 100,776,532
Miscellaneous Accounts							
Petty Cash	3,900	N/A	N/A	open	none	3,900	
Revolving Fund - Bank of America	13,862	N/A	N/A	open	none	13,862	
Trust & Agency - Bank of America	1,195,548	N/A	N/A	open	none	1,195,548	
Downpayment Assistance (Housing Fund) - Washington Mutual	33,652	0.01%	N/A	open	0.01%	33,652	
Workers Compensation - Bank of America	8,231	N/A	N/A	open	none	8,231	
General Liability - Bank of America	29,594	N/A	N/A	open	none	29,594	1,284,787
Deposits Held In Trust							
Time Deposits (FDIC Insured)							
Guaranty Bank (Coyote Springs Apt)	20,372	1.99%	N/A	6/24/2010	2.00%	20,372	20,372
Total Cash Deposited							\$ 102,081,691

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

Issue #
062709

	Par Value	Coupon Rate	Rating	Maturity	Yield to Maturity	Adjusted Cost Basis	Category Total	(in millions) Market Value	Source	Prior Qtr. Market Value
1991/97/03/04 Convention Center AIM Government & Agency Portf Private	5,889,424	variable	AAA	open	0.044%	5,890,424	5,889,424	5,889,424	BNY Western Tr	5,889,292
1992/05 Airport AIM Government & Agency Portf Private	1,080,085	variable	AAA	open	0.044%	1,080,085	1,080,085	1,080,085	BNY Western Tr	1,639,485
1991/01 Series B - Housing AIM Government & Agency Portf Private	827,547	variable	AAA	open	0.044%	827,547	827,547	827,547	BNY Western Tr	472,883
1994/04 Series A & B AIM Government & Agency Portf Private	3,331,293	variable	AAA	open	0.044%	3,331,293	3,331,293	3,331,293	BNY Western Tr	3,944,567
1998/06 Airport PFC AIM Government & Agency Portf Private	1,183,053	variable	AAA	open	0.044%	1,183,053	1,183,053	1,183,053	BNY Western Tr	1,556,292
1978 Assessment District 155 A&B AIM Government & Agency Portf Private	289,602	variable	AAA	open	0.044%	289,602	289,602	289,602	BNY Western Tr	289,291
2001 Assessment District 157-58 AIM Government & Agency Portf Private	187,026	variable	AAA	open	0.044%	187,026	187,026	187,026	BNY Western Tr	187,016
2000 Parking Structure Cash	3									
AIM Government & Agency Portf Private	9,558	variable	AAA	open	0.044%	9,558	9,561	9,558	BNY Western Tr	11,228
2004 Assessment District 161 AIM Government & Agency Portf Private	412,775	variable	AAA	open	0.044%	412,775	412,775	412,775	BNY Western Tr	412,758
2004 Assessment District 162 AIM Government & Agency Portf Private	161,734	variable	AAA	open	0.044%	161,734	161,734	161,734	BNY Western Tr	161,728
2005 Assessment District 164 AIM Government & Agency Portf Private	367,329	variable	AAA	open	0.044%	367,329	367,329	367,329	BNY Western Tr	367,314
2007 Merged Project #1 & #2 AIM Government & Agency Portf Private	8,455,546	variable	AAA	open	0.044%	8,455,546	8,455,546	8,455,546	BNY Western Tr	7,955,262
2007 Refunding Lease Revenue Bonds AIM Government & Agency Portf Private	32	variable	AAA	open	0.065%	32	32	32	BNY Western Tr	32
2008 Airport PFC Refunding AIM Government & Agency Portf Private	648,141	variable	AAA	open	0.044%	648,141	648,141	648,141	BNY Western Tr	648,141
Totals						\$ 22,843,346	\$ 22,843,346	\$ 22,843,346		\$ 23,956,591

TREASURER'S MONTHLY REPORT
CALCULATION OF INVESTMENT LIMITATIONS

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08/27/09

JULY 31, 2009

	Allowable Percentages			Current Mo.
	Minimum	Maximum		
By Maturity:				
1 day to 365 days	\$8,000,000	N/A		\$82,072,421
1 year to 3 years	0.00%	50.00%		11.12%
3 years to 5 years	0.00%	30.00%		6.95%
over 5 years	N/A	N/A		0.49%

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%		1.83%
Corporate Notes	N/A	20.00%		2.76%
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%		14.39%
U.S. Treasury Notes/Bonds	N/A	N/A		0.00%