

CITY OF LAS VEGAS

INVESTMENT REPORT

THIRD QUARTER-FY 2011



MARCH 31, 2011



INVESTMENT STRATEGY

The City's three principal objectives in managing the investments are to provide safety, to ensure liquidity, and to generate a market rate of return on the investments. Using cash flow projections to match assets with liabilities ensures prudent investment principles, which will enable the City to soundly meet its financial obligations.

The City's Investment Pool has been segregated into four separate investment portfolios. Of the portfolios, approximately 25% is managed internally by the Treasurer's office, 60% is being managed by external investment managers and 15% is invested in the state pool. The internally managed funds are used for current operations and primarily invest in the short-term segment of the market—overnight to one year. The external investment managers target the longer-term segment—one year to five years.

Investment Pool — Cash Management Fund: This portfolio is managed internally by the Treasurer's office and targets maturities from overnight to 1 year. The primary focus of this portfolio is to provide the day-to-day liquidity to meet the operating needs of the City. The majority of investments are purchased and held to maturity. The most frequently used investment types are money market funds, commercial papers and federal agency notes. The benchmark used to monitor the performance of this portfolio is customized index which approximates the averaged weighted maturity of the portfolio.

Investment Pool — Non-Operating Funds: Two external managers, Mellon and Wells Capital Management each manage \$150 million of the Investment Pool. The external managers target maturities from 1 year to 5 years and are limited to using only U.S. Treasury securities, federal agency notes, corporate notes and money market funds. The portfolios were funded on October 4, 2005 and the performances are benchmarked against the Merrill Lynch 1-5 Year Treasury and Agency Index.

Investment Pool — Nevada Enhanced Savings Term (NVEST): The NVEST portfolio is managed externally by StableRiver Capital Management and overseen by the Nevada state treasurer's office. The investments are primarily A-rated collateralized mortgage obligations and AAA-rated asset backed securities. The performance of this portfolio is benchmarked against the Merrill Lynch 1-3 Year Treasury.

Non Investment Pool — For the non-pooled investments such as bond issue proceeds, including such issues as the Redevelopment Projects and Special Improvement Districts, the City keeps these funds' investment maturities typically less than one year. These funds are invested in short-term securities such as Money Market Funds, Federal Agency Discount Notes. Monies that are required by state statute, city ordinance, and bond covenants to be held separately (i.e. Employee Benefits Fund, Self Insurance Liability, and bond reserves) are not part of the investment pool. Cemetery investments are managed by Carriage Services.

CITY OF LAS VEGAS
THIRD QUARTER OF FISCAL YEAR 2011



INVESTMENT REVIEW

INVESTMENTS – TOTAL PORTFOLIOS

The following table reflects the par value of the securities for the Investment Pool and the non-pooled portfolios.

FUND	PAR VALUE
Investment Pool Portfolios:	
Cash Management	\$126,163,391
NVEST	80,320,513
BNY Mellon	190,262,850
Wells Capital	175,200,000
Total Investment Pool Portfolios	\$571,946,754
Non-Investment Pool Portfolios:	
CP/Parks/Facilities	\$159,397,294
Cemetery	1,896,923
Darling Foundation	686,836
Developer SIDs	41,861,785
Employee Benefits Fund	3,000,000
Fire Services	6,374,293
4 th Street Landscaping	46,656
Fremont Street Experience	1,115,611
Ogden Parking	114,766
Redevelopment Agency	11,081,361
Self Insurance Funds	5,729,800
Special Programs/Car Rtl	2,444,603
Total Non-Investment Pool Portfolios	\$233,749,928
Grand Total Portfolios	\$805,696,682

CITY OF LAS VEGAS
THIRD QUARTER OF FISCAL YEAR 2011

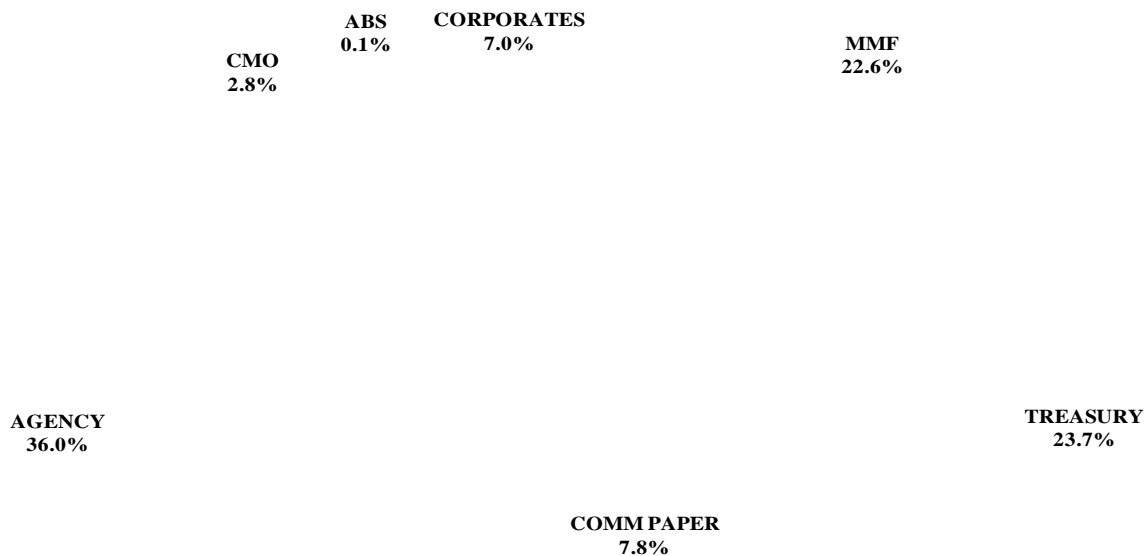


INVESTMENT REVIEW

INVESTMENT TYPES – TOTAL PORTFOLIOS

The following table and chart shows the allowable investments per Nevada Revised Statues and City Investment Policy.

INVESTMENT TYPE	PAR VALUE	%	MAXIUM MATURITY	AUTHORIZED LIMIT
U.S. Treasury	\$ 191,055,530	23.71	5 Years	No Limit
U.S. Agencies	289,872,806	35.98	5 Years	No Limit
Corporate Bonds	56,225,047	6.98	5 Years	20%
Commercial Paper	63,000,000	7.82	270 Days	20%
Money Market Funds (MMF)	181,918,236	22.58	N/A	No Limit
Asset-Backed Securities (ABS)	1,142,775	0.14	N/A	20%
Collateralized Mortgage Obligations (CMO)	22,482,288	2.79	NA	20%
Negotiable Cert. of Deposit			N/A	No Limit
Bankers Acceptances			180 Days	20%
Repurchase Agreements			90 Days	20%
Collateralized Investment Contracts			Match Bond Issue	No Limit
LGIP			N/A	No Limit
Total Portfolios	\$ 805,696,682	100.00		



INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS

CITY OF LAS VEGAS
THIRD QUARTER OF FISCAL YEAR 2011



INVESTMENT REVIEW

ISSUER	# OF ISSUES	PAR VALUE	MARKET VALUE
U.S Treasury	29	\$191,055,530	\$194,080,091
U.S Agency			
Farmer MAC DN	2	32,000,000	31,994,457
Federal Farm Credit Bank	5	20,830,000	21,162,089
Federal Home Loan Bank	24	71,129,699	73,239,525
Federal Home Loan Mortgage C	15	63,400,000	64,992,182
Federal Nat'l Mort DN	3	14,762,000	14,760,300
Federal Nat'l Mortgage Assn	45	83,421,966	84,560,619
Government Natl. Mortg. Association	8	4,329,142	4,326,459
Corporate Bonds			
American Financial Group	2	30,000	36,675
Apria Healthcare Group	1	10,000	10,775
AT&T Corp Liberty Media	7	120,000	116,963
Bank of America Corp	3	125,000	134,425
BankAmerica Capital II	1	8,000	8,180
BBVA Intl Pref Uniperson	1	15,000	12,696
Berkshire Hathaway Inc	2	10,000,000	10,212,600
Burger King Corp	1	15,000	15,882
Capital One iii	9	155,000	166,927
Chaparral Energy	1	50,000	52,500
Chevron corp	1	5,000,000	5,346,950
CKE Restaurants	1	5,000	5,513
Coca-Cola	1	5,000,000	5,296,200
Credit Suisse New York	1	44,047	43,844
First Data Corp	1	25,000	25,625
General Electric Cap Corp	2	10,000,000	10,325,350
Goodyear Tire & Rubber	1	25,000	27,563
Harrahs Operating Co	3	25,000	28,029
IBM	1	5,000,000	5,629,550
JPM Chase	1	5,000,000	4,991,300
K Hovnanian Enterprises	1	40,000	42,500
Lehman Brothers Holding	1	0	0
Liberty Mutual Corp	8	120,000	156,000
Lloyds Banking Group PLC	3	100,000	80,000
Metlife Inc	2	25,000	34,500
MGM Mirage	4	105,000	121,115
Nat City Pref Cap Tr I	3	50,000	56,710
Nuveen Investments Inc	1	15,000	15,413

ISSUER	# OF	PAR VALUE	MARKET
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CITY OF LAS VEGAS
THIRD QUARTER OF FISCAL YEAR 2011



INVESTMENT REVIEW

	ISSUES		VALUE
Procter & Gamble	1	5,000,000	4,883,350
Regions Financial Corp	2	50,000	48,625
Sirius XM Radio	1	55,000	61,875
Texas Comp Elec Hold	1	5,000	2,913
Wal-Mart Stores	2	10,000,000	10,555,900
Westerm Refining Inc	1	8,000	9,040
Commercial Paper			
General Electric CP	5	37,000,000	36,988,481
Toyota Financial Services	2	26,000,000	25,989,381
Money Market Funds			
AIM Fund	11	543,385	543,385
Blackrock FedFund Portfolio	15	81,394,448	81,394,448
Dreyfus Money Market Fund	15	22,070,677	22,070,677
Federated Money Market Fund	13	15,637,748	15,637,748
First American Government Ob	11	49,927,293	49,927,293
First American Treasury	4	239,500	239,500
Goldman Sachs Fin Sq Govt	1	2,310,244	2,310,244
Regions Tust Money Market De	1	67,381	67,381
US Bank Corp. Trust Services	1	648,542	772,848
Wells Fargo Advanatge Gov't MMF	1	4,695,917	4,695,917
Wells Fargo Treasury Fund	5	4,383,101	4,383,101
Asset-Backed Securities			
Small Business Admin Ser 99-E		1,142,775	1,124,168
Collateralized Mortgage Obligations	41	22,482,288	22,618,116
Grand Total		\$805,696,682	\$816,433,895

INTEREST INCOME – INVESTMENT POOL PORTFOLIO

CITY OF LAS VEGAS

THIRD QUARTER OF FISCAL YEAR 2011



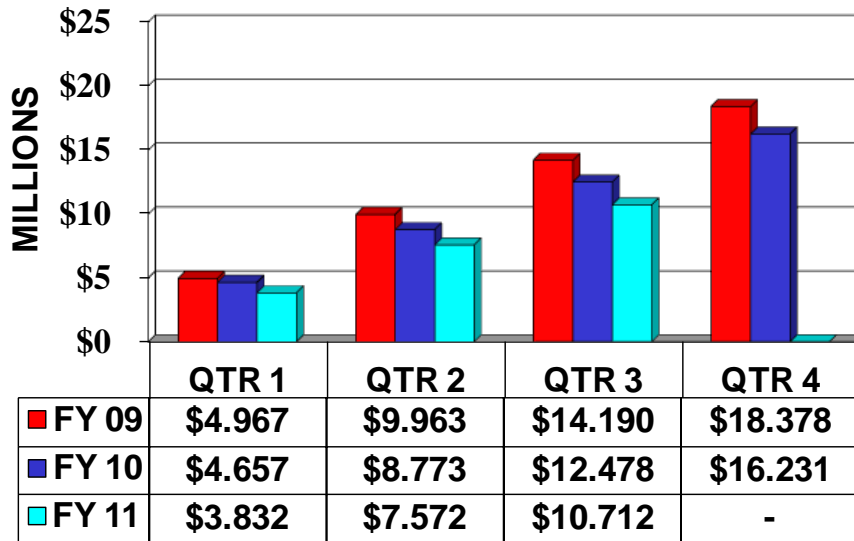
INVESTMENT REVIEW

The Investment Pool produced \$10,712,863 of interest income through the third quarter of fiscal year 2011; this was a decrease of \$1,712,742 compared to the same time period for fiscal year 2010. The City's effective rate of return for the Investment Pool through the third quarter of fiscal year 2011 was 2.58% compared to 3.06% for the same time period for fiscal year 2010.

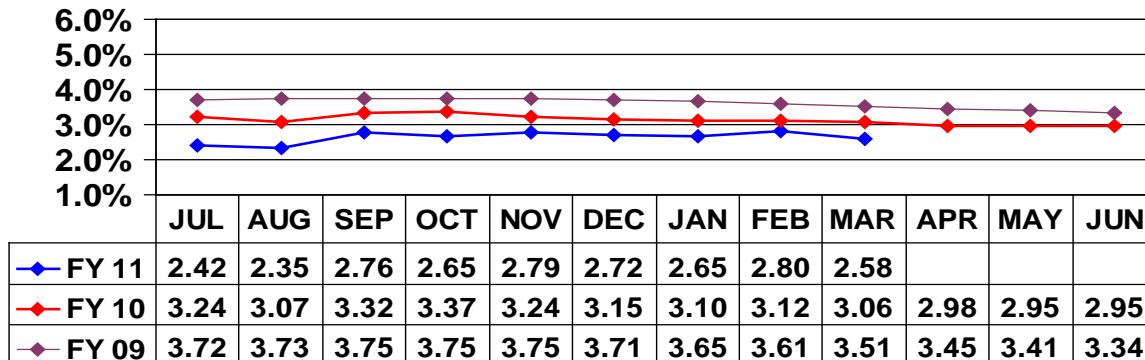
INVESTMENT POOL INTEREST INCOME

YTD QUARTERLY ACCRUAL

AS OF MARCH 31, 2011



INVESTMENT POOL YTD EFFECTIVE RATE OF RETURN



INVESTMENT BALANCES – INVESTMENT POOL PORTFOLIO

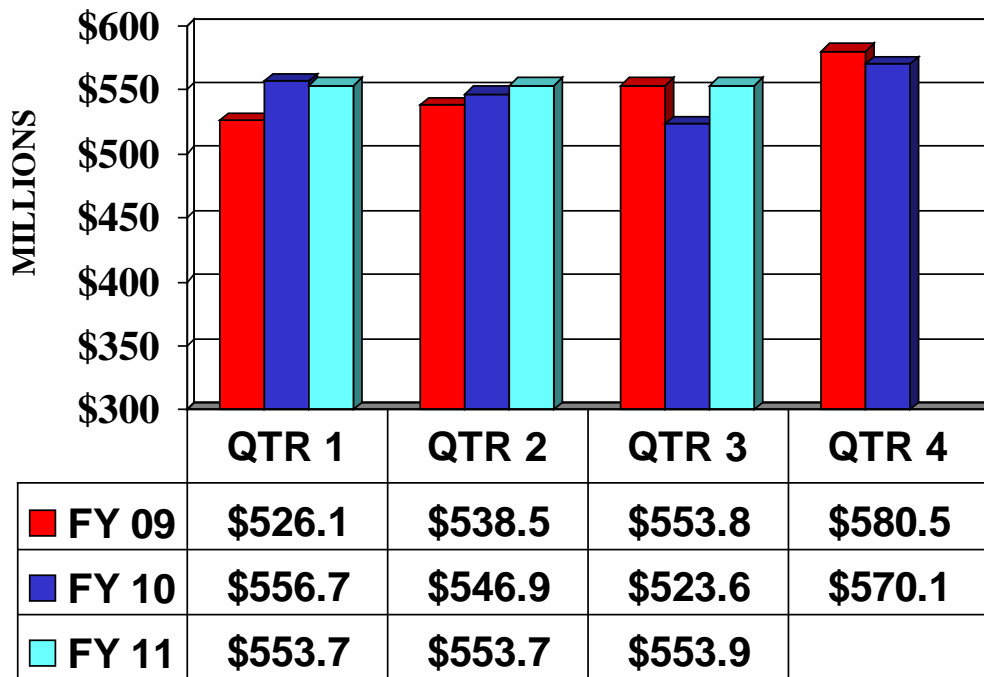
CITY OF LAS VEGAS
THIRD QUARTER OF FISCAL YEAR 2011



INVESTMENT REVIEW

The average daily balance of the Investment Pool for the third quarter of fiscal year 2011 increased by \$200,000 compared to the previous quarter.

INVESTMENT POOL BALANCE
AVERAGE DAILY BALANCE



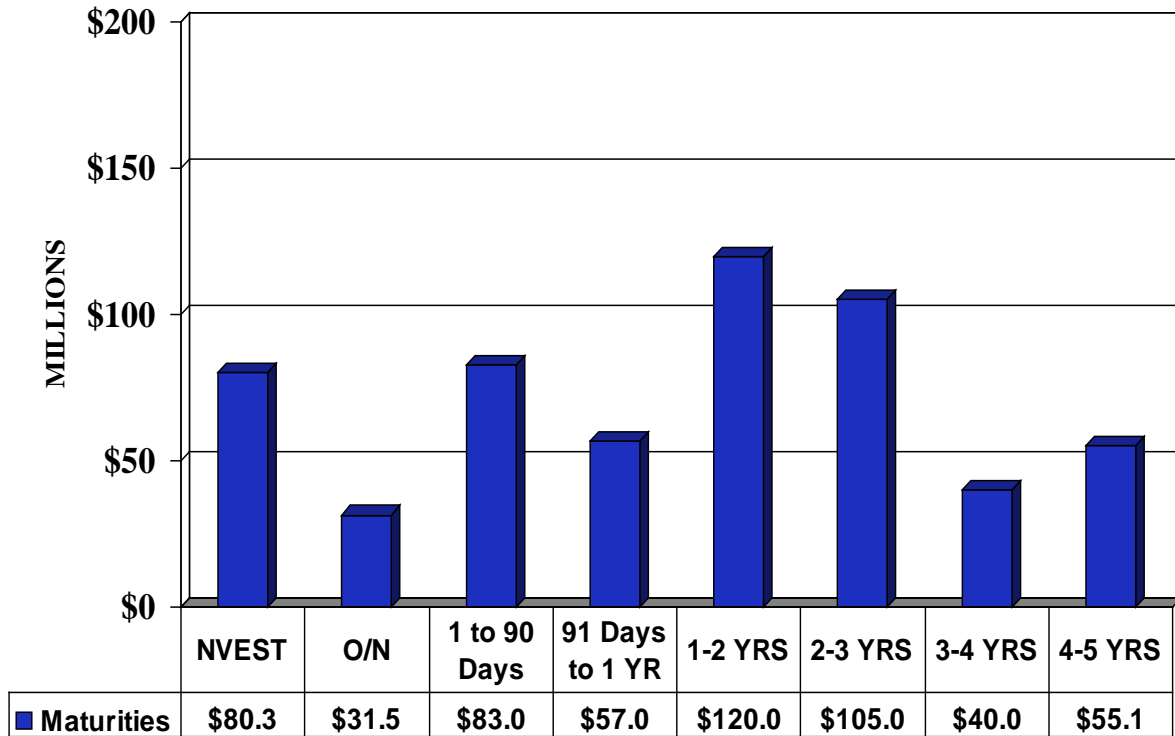


INVESTMENT MATURITY – INVESTMENT POOL PORTFOLIO

The Investment Pool had an overall average weighted maturity of approximately 1.28 years and modified duration of 1.25 years. To meet the City’s cash flow operating needs, the Cash Management portfolio had an average weighted maturity of 90 days or less.

INVESTMENT POOL MATURITY

AS OF MARCH 31, 2011





MARK-TO-MARKET INFORMATION – INVESTMENT POOL PORTFOLIO

The Governmental Accounting Standards Board (GASB) Statement 31 requires governmental entities to report certain investments at “fair” or market value for annual financial reporting purposes. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Treasurer’s Office monitors the market value change on a monthly basis and reports the annual change in the City’s Comprehensive Annual Financial Report.

**INVESTMENT POOL
MARK-TO-MARKET
FISCAL YEAR 2011 Y-T-D**

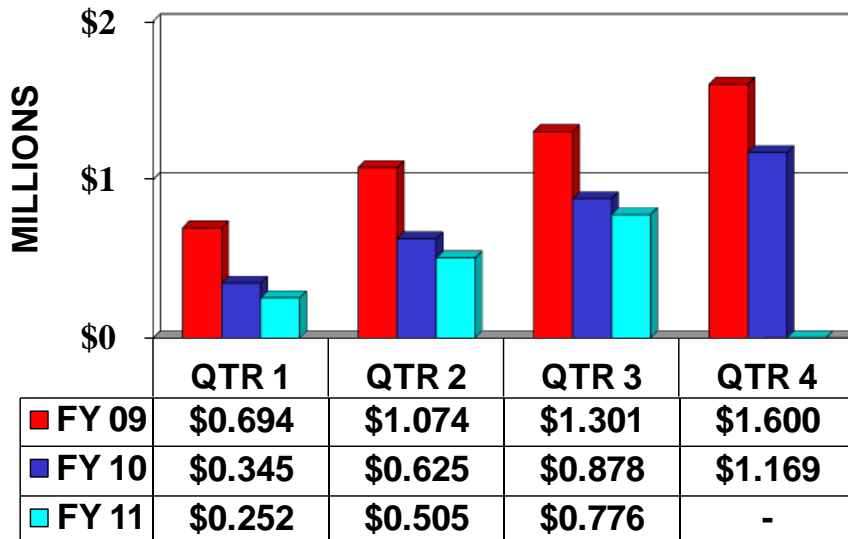
DESCRIPTION	AMOUNT
Market Value at MARCH 31, 2011	\$ 581,960,052
Amortization Adjustment (Book vs Market)	12,354
Invested Value at MARCH 31, 2011	581,972,406
Add: Proceeds of Investments Matured/Sold in FY 11	1,018,820,189
Less: Cost of Investments Purchased in FY 11	(1,013,824,369)
Less: Amortization Adjustment	(85,305)
Less: Invested Value at June 30, 2010	(593,176,625)
Change in Market Value of Investments	\$ (6,293,704)



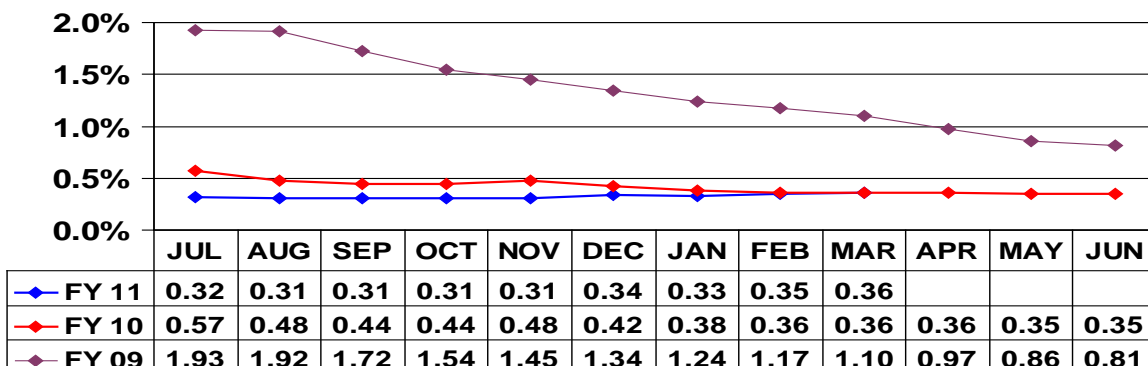
INTEREST INCOME – NON INVESTMENT POOL PORTFOLIOS

The Non Investment Pool portfolios produced \$776,790 of interest income through the third quarter of fiscal year 2011; this was a decrease of \$101,918 compared to the same time period for fiscal year 2010. The effective rate of return for the Non Investment Pool portfolios through the third quarter of fiscal year 2011 was 0.36% compared to 0.36% for the same time period for fiscal year 2010

NON INVESTMENT POOL PORTFOLIOS
INTEREST INCOME
YTD QUARTERLY ACCRUAL
AS OF MARCH 31, 2011



NON INVESTMENT POOL PORTFOLIOS
YTD EFFECTIVE RATE OF RETURN

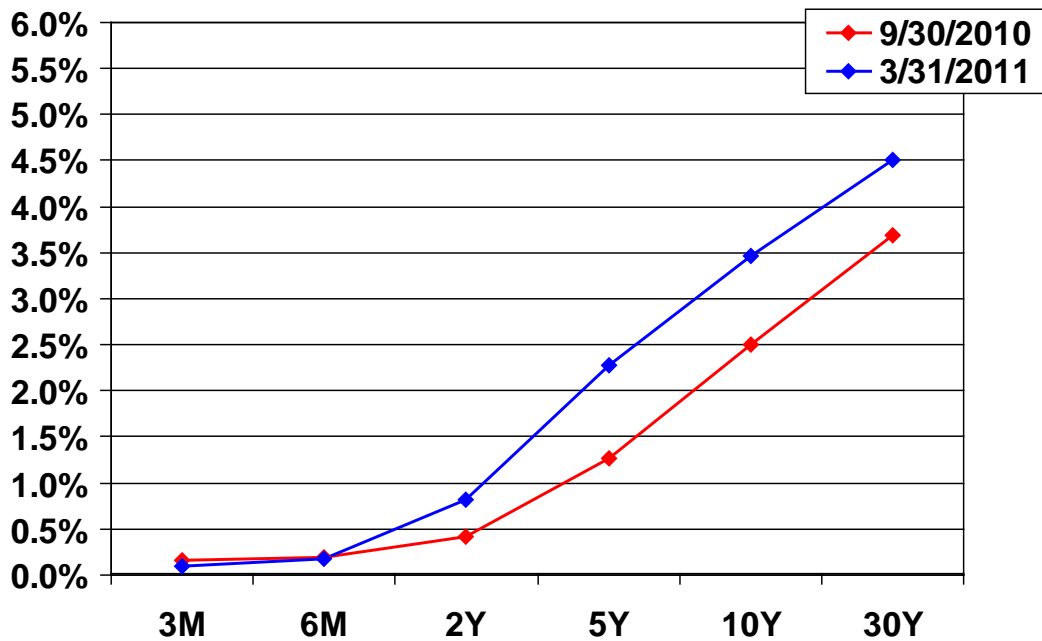




TREASURY YIELD CURVE

The chart and table below display the changes in the U.S. Treasury securities' yields at various maturities. Short-term yields continued to decrease over the six-month period

U.S. TREASURY YIELD CURVE



**U.S. TREASURY YIELD CURVE COMPARISON
 9/30/10 TO 3/31/11**

MATURITY	9/30/10 YIELD	3/31/11 YIELD	CHANGE IN PERCENT
3 Month T-Bill	0.153%	0.091%	-0.0619
6 Month T-Bill	0.187%	0.169%	-0.0178
2 Year T-Note	0.422%	0.821%	0.3989
5 Year T-Note	1.263%	2.277%	1.0137
10 Year T-Note	2.510%	3.470%	0.9605
30 Year T-Bond	3.685%	4.508%	0.8227