

CITY OF LAS VEGAS

INVESTMENT REPORT

FIRST QUARTER - FY 2012



SEPTEMBER 30, 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.



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	\$110,219,531
NVEST	73,431,789
BNY Mellon	175,837,731
Wells Capital	175,200,000
Total Investment Pool Portfolios	\$534,689,051
Non-Investment Pool Portfolios:	
CP/Parks/Facilities	\$130,061,464
Cemetery	2,026,269
Darling Foundation	693,234
Developer SIDs	38,697,562
Employee Benefits Fund	3,000,000
Fire Services	6,334,408
4 th Street Landscaping	46,659
Fremont Street Experience	599,075
Ogden Parking	114,772
Redevelopment Agency	15,576,833
Self Insurance Funds	5,729,800
Special Programs/Car Rtl	3,224,700
Total Non-Investment Pool Portfolios	\$206,104,776
Grand Total Portfolios	\$740,793,827

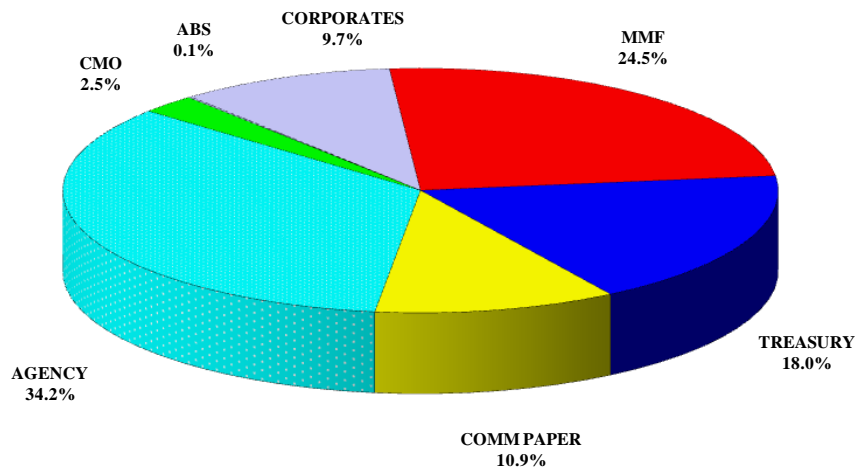


INVESTMENT TYPES – TOTAL PORTFOLIOS

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	\$ 133,808,048	18.01	5 Years	No Limit
U.S. Agencies	253,359,616	34.20	5 Years	No Limit
Corporate Bonds	72,021,979	9.72	5 Years	20%
Commercial Paper	81,000,000	10.93	270 Days	20%
Money Market Funds (MMF)	180,974,115	24.48	N/A	No Limit
Asset-Backed Securities (ABS)	997,628	0.13	N/A	20%
Collateralized Mortgage Obligations (CMO)	18,632,441	2.53	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	\$ 740,793,827	100.00		

DISTRIBUTION BY TYPES
 AS OF SEPTMEBER 30, 2011



CITY OF LAS VEGAS
FIRST QUARTER OF FISCAL YEAR 2012



INVESTMENT REVIEW

INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS

ISSUER	# OF ISSUES	PAR VALUE	MARKET VALUE
U.S. Treasury	25	\$ 133,808,048	\$ 138,597,381
U.S. Agency			
Federal Farm Credit Bank	4	15,830,000	16,078,482
Federal Home Loan Mortgage Cor	15	74,700,000	76,598,578
Federal Home Loan Bank	14	50,452,942	51,968,360
Federal Nat'l Mortgage Assn	52	109,971,037	111,380,690
Government Nat'l Mort. Association	4	2,405,637	2,405,216
Corporate Bonds			
Berkshire Hathaway Inc	2	10,000,000	10,162,100
Chevron corp	1	5,000,000	5,385,550
General Electric Cap Corp	2	10,000,000	10,259,650
Google Ince	1	5,000,000	5,068,950
IBM	2	10,000,000	10,596,850
JPM Chase	1	5,000,000	5,035,750
Lehman Brothers Holding	1		
Coca-Cola	1	5,000,000	5,330,550
Procter & Gamble	1	5,000,000	5,130,500
STYX Private Fund LLP Pool ABC	1	2,021,979	1,918,561
Wal-Mart Stores	2	10,000,000	10,594,500
Yale University	1	5,000,000	5,304,200
Commercial Paper			
General Electric CP	3	43,000,000	42,985,870
Toyota Financial Services	5	38,000,000	30,064,677
Money Market Funds			
Blackrock FedFund Portfolio	14	57,524,644	57,524,644
Dreyfus Money Market Fund	14	21,107,076	21,107,076
First American Government Obli	11	62,212,549	62,212,549
First American Treasury	4	239,500	239,500
Federated Money Market Fund	12	22,461,609	22,461,609
Goldman Sachs Fin Sq Govt	1	2,307,950	2,307,950
INVESCO Private Invest	4	56,555	56,555
Regions Tust Money Market Depo	1	4,291	4,291
Short Term Tres	6	856,265	856,265
Wells Fargo Treasury Fund	5	3,384,922	3,384,922
Wells Fargo Adv Gov't MMF	1	10,818,754	10,818,754
Asset-Backed Securities			
SBA PASS-THROUGH		997,628	992,774
Collateralized Mortgage Obligations	33	18,632,441	18,730,429
Grand Total		\$ 740,793,827	\$ 745,563,733

CITY OF LAS VEGAS

FIRST QUARTER OF FISCAL YEAR 2012



INVESTMENT REVIEW

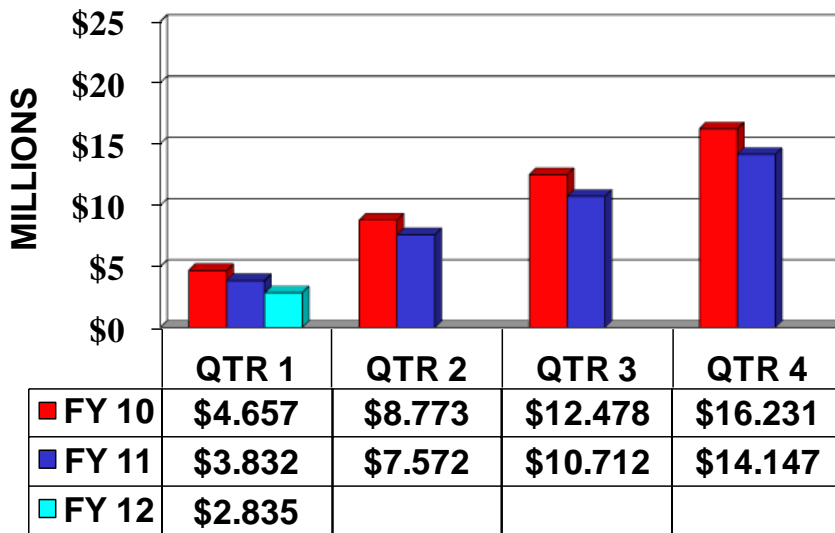
INTEREST INCOME – INVESTMENT POOL PORTFOLIO

The Investment Pool produced \$2,835,982 of interest income through the first quarter of fiscal year 2012; this was a decrease of \$996,019 compared to the same time period of fiscal year 2011. The City's effective rate of return for the Investment Pool through the first quarter of fiscal year 2012 was 2.10% compared to 2.76% for the same time period of fiscal year 2011.

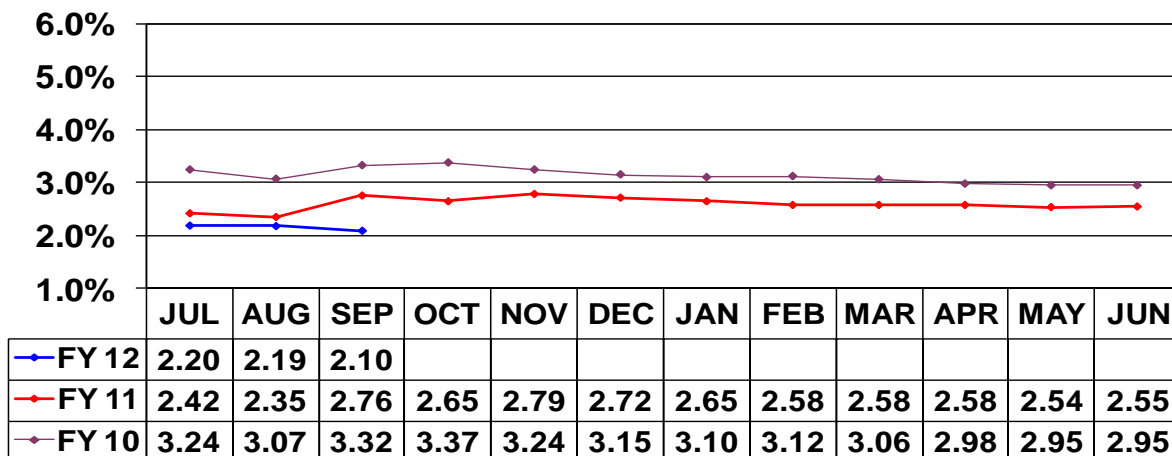
INVESTMENT POOL INTEREST INCOME

YTD QUARTERLY ACCRUAL

AS OF SEPTEMBER 30, 2011



INVESTMENT POOL YTD EFFECTIVE RATE OF RETURN

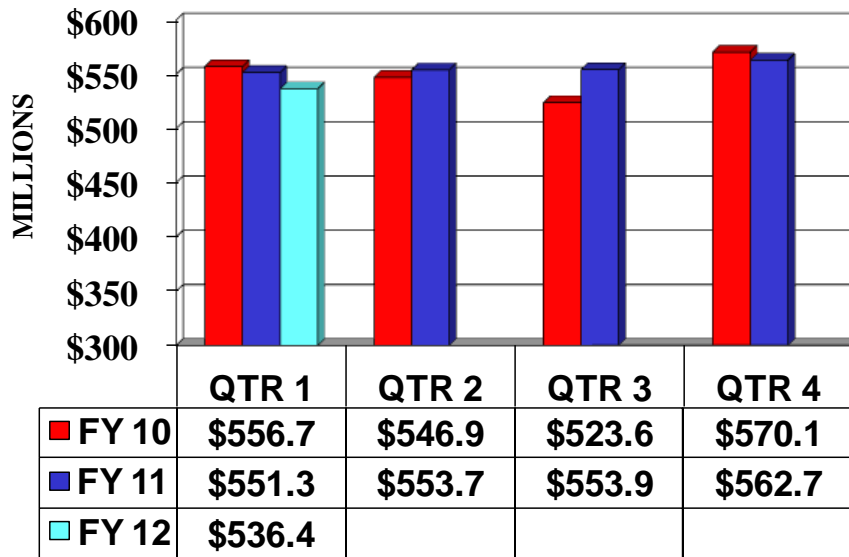




INVESTMENT BALANCES – INVESTMENT POOL PORTFOLIO

The average daily balance of the Investment Pool for the first quarter of fiscal year 2011 decreased by approximately \$26 million compared to the previous quarter. This decrease was due to maintaining an average bank balance of \$30 million. The bank balance was increased to take advantage of a 30 basis point earning credit rate to offset banking costs.

INVESTMENT POOL BALANCE
AVERAGE DAILY BALANCE

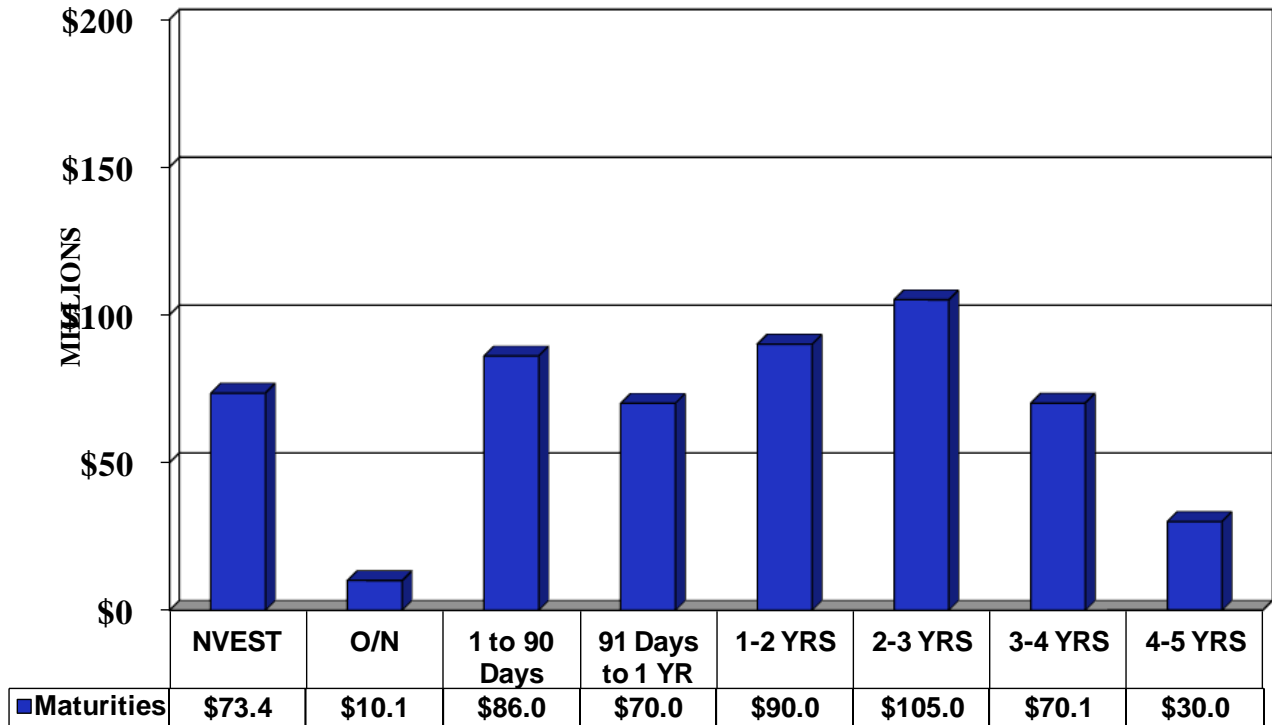




INVESTMENT MATURITY – INVESTMENT POOL PORTFOLIO

The Investment Pool had an overall average weighted maturity of approximately 1.56 years and modified duration of 1.54 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 SEPTEMBER 30, 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 2012 Y-T-D**

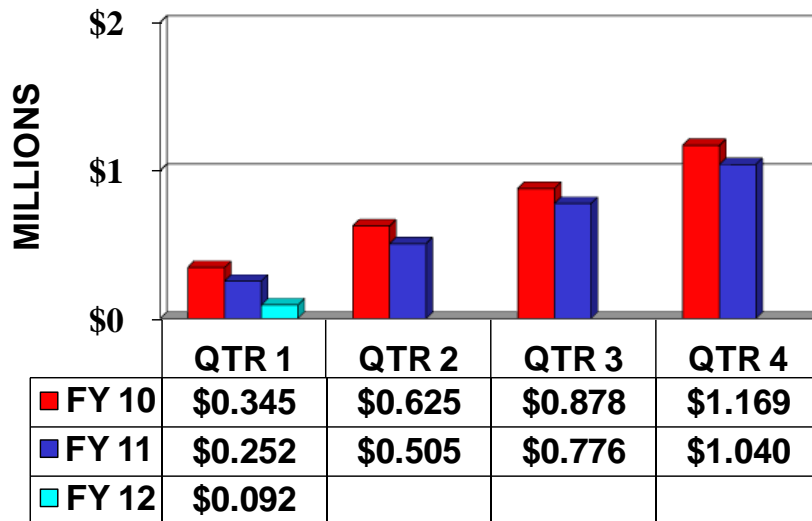
DESCRIPTION	AMOUNT
Market Value at September 30, 2011	\$ 547,357,135
Amortization Adjustment (Book vs Market)	18,826
Invested Value at September 30, 2011	547,375,961
Add: Proceeds of Investments Matured/Sold in FY 12	207,310,904
Less: Cost of Investments Purchased in FY 12	(181,786,502)
Less: Amortization Adjustment	(34,218)
Less: Invested Value at June 30, 2011	(572,053,190)
Change in Market Value of Investments	\$ 812,955



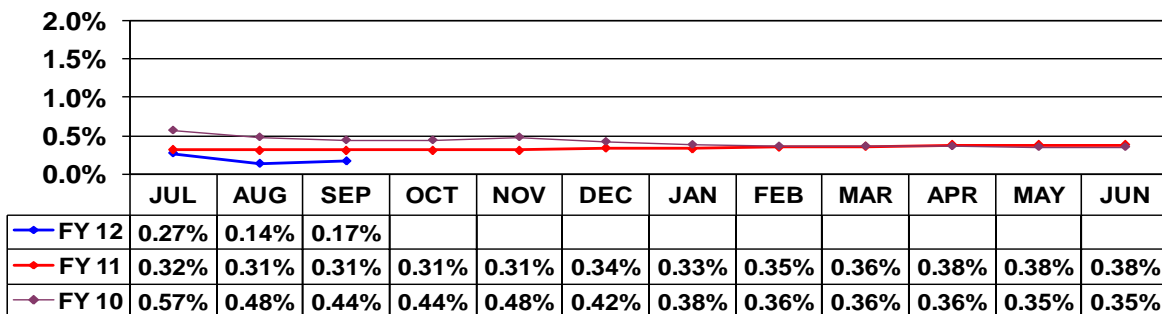
INTEREST INCOME – NON INVESTMENT POOL PORTFOLIOS

The Non Investment Pool portfolios produced \$92,395 of interest income through the first quarter of fiscal year 2012; this was a decrease of \$159,607 compared to the same time period of fiscal year 2011. The effective rate of return for the Non Investment Pool portfolios through the first quarter of fiscal year 2012 was 0.17% compared to 0.31% for the same time period of fiscal year 2011.

NON INVESTMENT POOL PORTFOLIOS
INTEREST INCOME
YTD QUARTERLY ACCRUAL
AS OF SEPTEMBER 30, 2011



NON INVESTMENT POOL PORTFOLIOS
YTD EFFECTIVE RATE OF RETURN

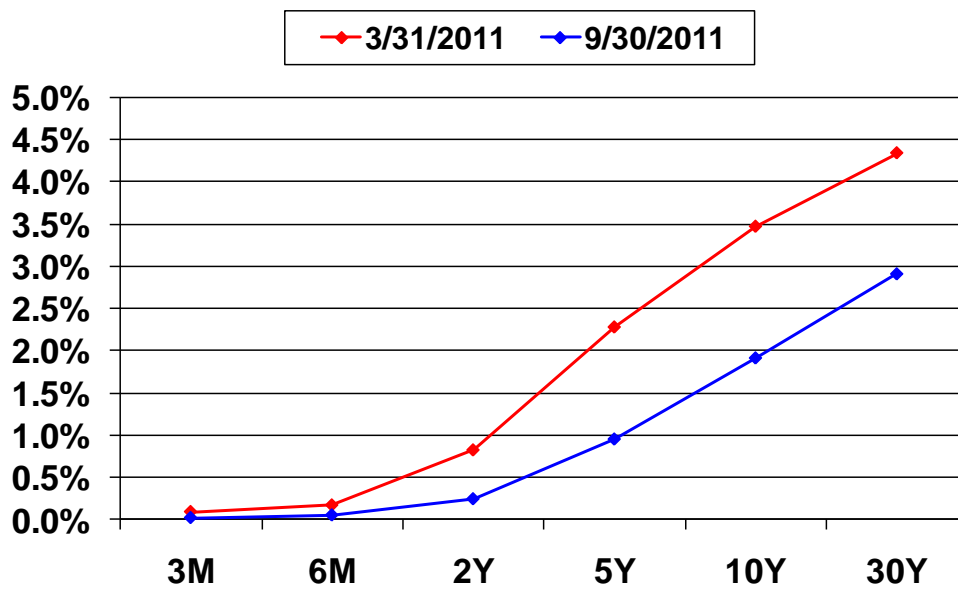




TREASURY YIELD CURVE

The chart and table below display the changes in the U.S. Treasury securities' yields at various maturities. All yields decreased over the six-month period.

U.S. TREASURY YIELD CURVE



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

MATURITY	3/31/11 YIELD	9/30/11 YIELD	CHANGE IN PERCENT
3 Month T-Bill	0.091%	0.020%	-0.0709
6 Month T-Bill	0.169%	0.051%	-0.1181
2 Year T-Note	0.821%	0.243%	-0.5781
5 Year T-Note	2.277%	0.952%	-1.3248
10 Year T-Note	3.470%	1.915%	-1.5549
30 Year T-Bond	4.508%	2.913%	-1.5942