

CITY OF LAS VEGAS

INVESTMENT REPORT

SECOND QUARTER FY 2012



DECEMBER 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.



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	\$50,991,445
NVEST	73,858,165
BNY Mellon	186,677,912
Wells Capital	185,974,103
Total Investment Pool Portfolios	\$497,501,625
Non-Investment Pool Portfolios:	
CP/Parks/Facilities	\$119,720,333
Cemetery	2,029,733
Darling Foundation	701,576
Developer SIDs	39,699,152
Employee Benefits Fund	3,000,000
Fire Services	16,852,816
4th Street Landscaping	46,660
Fremont Street Experience	986,329
Ogden Parking	114,776
Redevelopment Agency	15,072,518
Sanitation	15,472,192
Self Insurance Funds	5,729,800
Special Programs/Car Rtl	2,018,171
Total Non-Investment Pool Portfolios	\$221,444,058
Grand Total Portfolios	\$718,945,682

CITY OF LAS VEGAS
SECOND QUARTER OF FISCAL YEAR 2012



INVESTMENT REVIEW

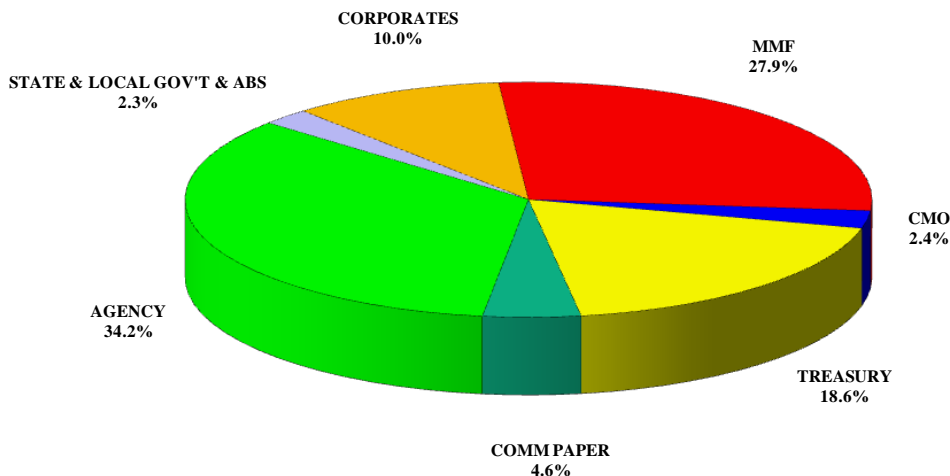
INVESTMENT TYPES – TOTAL PORTFOLIOS

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

INVESTMENT TYPE	PAR VALUE	%	MAXIMUM MATURITY	AUTHORIZED LIMIT
U.S. Treasury	\$133,822,884	18.61%	5 Years	No Limit
U.S. Agencies	245,729,711	34.18%	5 Years	No Limit
Corporate Bonds	72,023,444	10.02%	5 Years	20%
Commercial Paper	33,000,000	4.59%	270 Days	20%
State and Local Governments	15,472,192	2.15%	N/A	No Limit
Money Market Funds (MMF)	200,646,647	27.91%	N/A	No Limit
Asset-Backed Securities (ABS)	857,376	0.12%	N/A	20%
Collateralized Mortgage Obligations (CMO)	17,393,429	2.42%	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	\$718,945,682	100.00%		

DISTRIBUTION BY TYPES

AS OF DECEMBER 31, 2011



CITY OF LAS VEGAS
SECOND QUARTER OF FISCAL YEAR 2012



INVESTMENT REVIEW

INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS

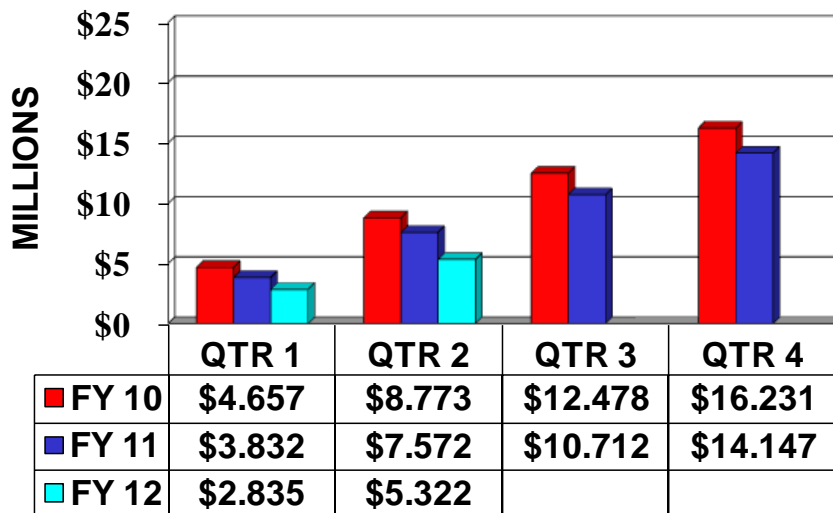
ISSUER	# OF ISSUES	PAR VALUE	MARKET VALUE
Asset-Backed Securities	1	\$857,376	\$857,072
SBA PASS-THROUGH	1	857,376	857,072
Collateralized Mortgage Obligations	28	17,393,429	17,440,234
Commercial Paper	3	33,000,000	32,988,900
General Electric CP	2	25,000,000	24,993,008
Toyota Financial Services	1	8,000,000	7,995,893
Corporate Bonds	16	72,023,444	74,641,894
Berkshire Hathaway Inc	2	10,000,000	10,169,500
Chevron corp	1	5,000,000	5,347,000
Coca-Cola	1	5,000,000	5,322,600
General Electric Cap Corp	2	10,000,000	10,272,100
Google Ince	1	5,000,000	5,075,250
IBM	2	10,000,000	10,570,850
JPM Chase	1	5,000,000	5,035,900
Lehman Brothers	1		
Procter & Gamble	1	5,000,000	5,163,150
STYX Private Fund LLP Pool ABC	1	2,023,444	1,868,394
Wal-Mart Stores	2	10,000,000	10,523,350
Yale University	1	5,000,000	5,293,800
Money Market Funds	77	200,646,647	200,646,647
Blackrock FedFund Portfolio	14	49,205,161	49,205,161
Dreyfus Money Market Fund	14	21,176,039	21,176,039
Federated Money Market Fund	12	25,822,717	25,822,717
First American Government Obli	13	59,735,436	59,735,436
First American Treasury	4	239,500	239,500
Goldman Sachs Fin Sq Govt	1	2,307,992	2,307,992
INVESCO Private Invest	4	56,561	56,561
Regions Tust Money Market Depo	1	6,290	6,290
Short Term Tres	8	31,053,418	31,053,418
WELLS FARGO MMF	1	7,064,465	7,064,465
Wells Fargo Treasury Fund	5	3,979,068	3,979,068
State and Local Government	1	15,472,192	15,472,192
City of Las Vegas Redevelopment	1	15,472,192	15,472,192
U.S. Agency	91	245,729,711	250,032,598
Federal Farm Credit Bank	4	15,830,000	16,031,456
Federal Home Loan Bank	9	29,356,376	30,620,637
Federal Home Loan Mortgage Cor	18	88,496,102	90,095,496
Federal Nat'l Mortgage Assn	56	109,880,179	111,123,865
Government Nat'l Mort. Association	4	2,167,053	2,161,145
U.S. Treasury	25	133,822,884	138,860,800
Grand Total	242	\$718,945,682	\$730,940,336



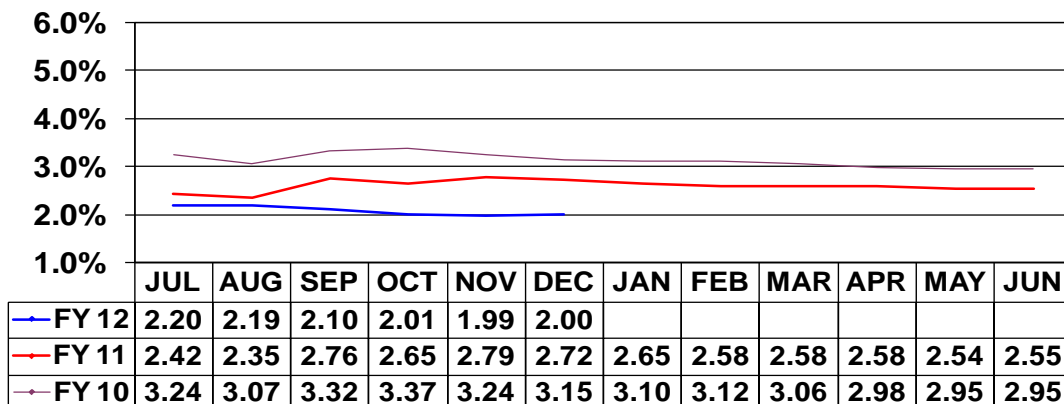
INTEREST INCOME – INVESTMENT POOL PORTFOLIO

The Investment Pool produced \$5,322,870 of interest income through the second quarter of fiscal year 2012; this was a decrease of \$2,249,130 compared to the same time period of fiscal year 2011. The City’s effective rate of return for the Investment Pool through the second quarter of fiscal year 2012 was 2.00% compared to 2.72% for the same time period of fiscal year 2011.

INVESTMENT POOL INTEREST INCOME
YTD QUARTERLY ACCRUAL
AS OF DECEMBER 31, 2011



INVESTMENT POOL
YTD EFFECTIVE RATE OF RETURN

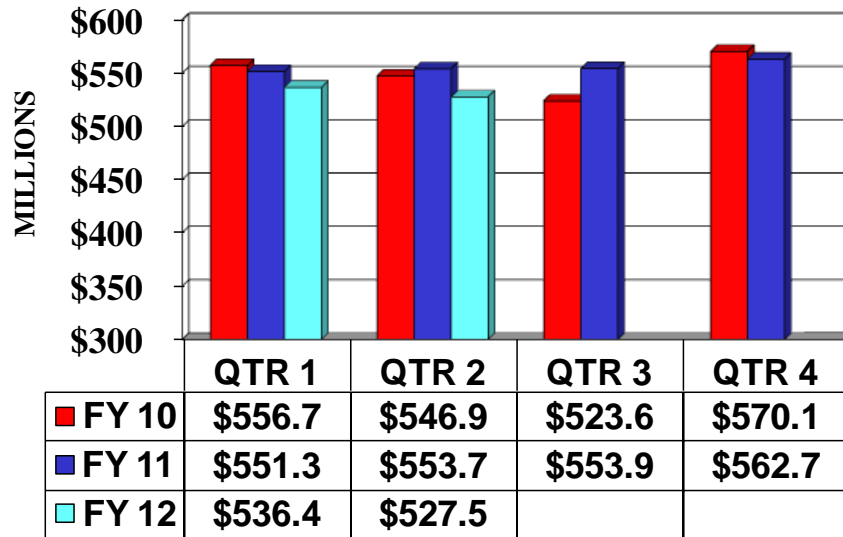




INVESTMENT BALANCES – INVESTMENT POOL PORTFOLIO

The average daily balance of the Investment Pool through the second quarter of fiscal year 2011 decreased by approximately \$9 million compared to the previous quarter. This decrease was due to maintaining an average bank balance of \$40 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

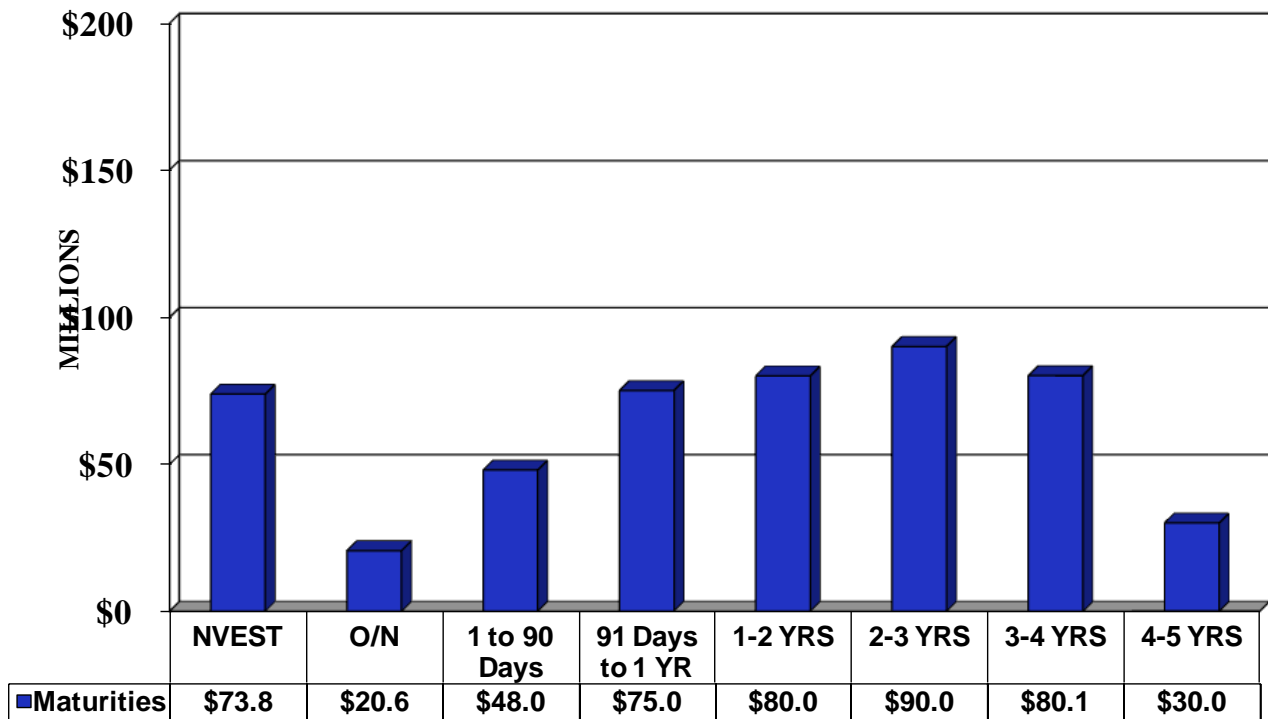




INVESTMENT MATURITY – INVESTMENT POOL PORTFOLIO

The Investment Pool had an overall average weighted maturity of approximately 1.65 years and modified duration of 1.618 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 DECEMBER 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 2012 Y-T-D**

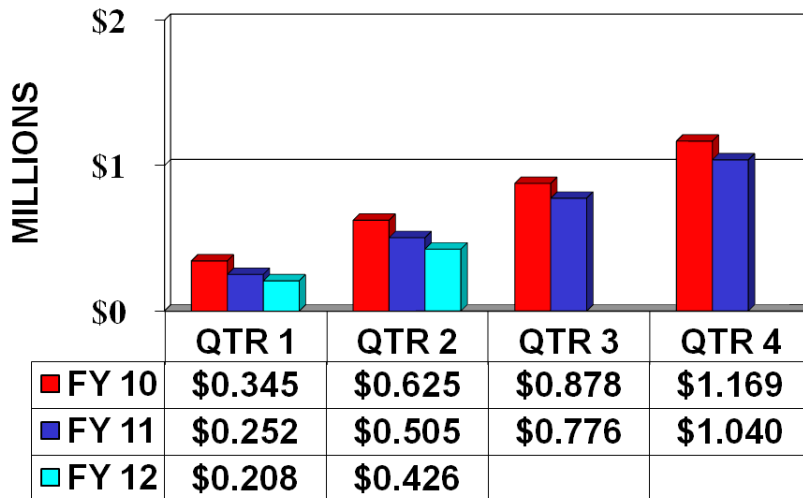
DESCRIPTION	AMOUNT
Invested Value at December 31, 2011	509,609,257
Add: Proceeds of Investments Matured/Sold in FY 12	354,587,702
Less: Cost of Investments Purchased in FY 12	(292,366,482)
Less: Amortization Adjustment	(58,156)
Less: Invested Value at June 30, 2011	(572,053,190)
Change in Market Value of Investments	\$ (280,869)



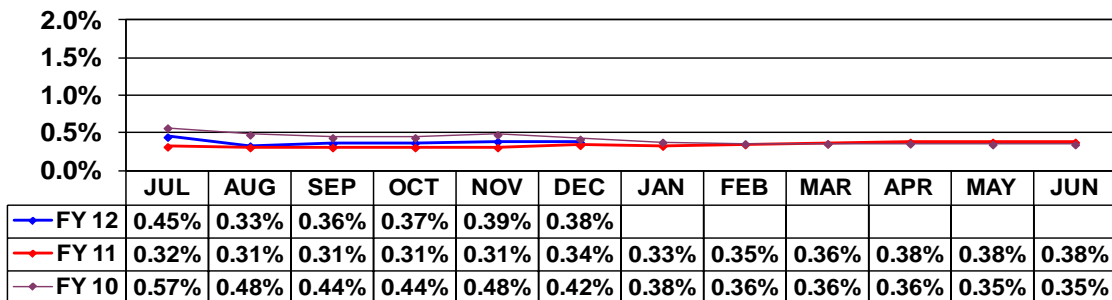
INTEREST INCOME – NON INVESTMENT POOL PORTFOLIOS

The Non Investment Pool portfolios produced \$426,069 of interest income through the second quarter of fiscal year 2012; this was a decrease of \$78,931 compared to the same time period of fiscal year 2011. The effective rate of return for the Non Investment Pool portfolios through the second quarter of fiscal year 2012 was 0.38% compared to 0.34% for the same time period of fiscal year 2011. The first quarter fiscal year 2012 were revised to include investments held in the Sanitation Fund.

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



NON INVESTMENT POOL PORTFOLIOS
YTD EFFECTIVE RATE OF RETURN

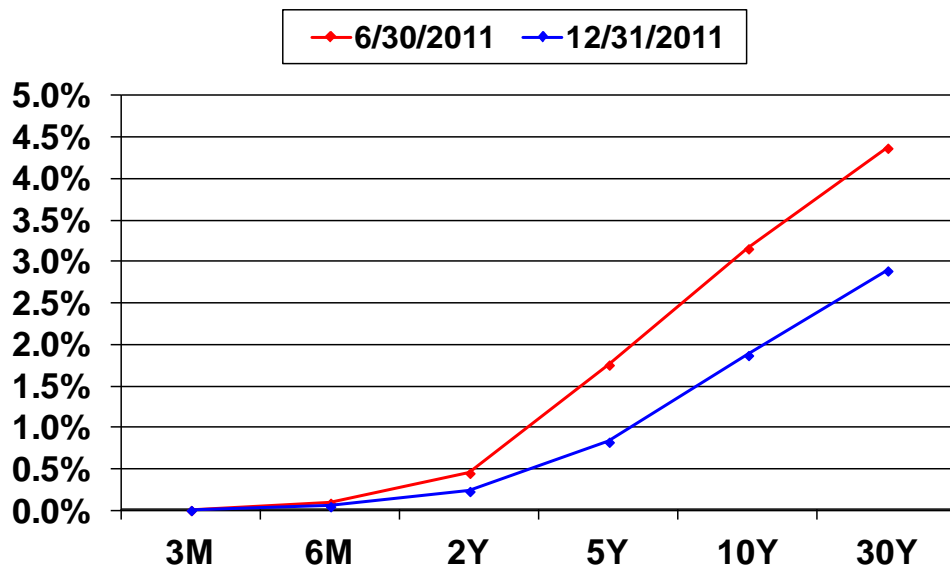




TREASURY YIELD CURVE

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

U.S. TREASURY YIELD CURVE



**U.S. TREASURY YIELD CURVE COMPARISON
 6/30/11 TO 12/31/11**

MATURITY	6/30/11 YIELD	12/31/11 YIELD	CHANGE IN PERCENT
3 Month T-Bill	0.010%	0.010%	-0.0000
6 Month T-Bill	0.097%	0.056%	-0.0407
2 Year T-Note	0.458%	0.239%	-0.2185
5 Year T-Note	1.761%	0.832%	-0.9290
10 Year T-Note	3.160%	1.876%	-1.2838
30 Year T-Bond	4.371%	2.894%	-1.4769