

REPORT

To the Honorable Mayor and City Council
From the City Manager

August 13, 2007

Subject

Monthly Investment Report for Period Ending July 31, 2007

Background

The attached investment report indicates that on July 31, 2007 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$111,296,563.74 were invested producing an average yield of 4.68%. The target Fed Funds rate for July is 5.25%.

The attached investment listing represents all securities in which City funds, including all trust funds and agency funds, are invested (excluding deferred compensation plans) and indicates any security dealers that were used to invest City funds during the month.

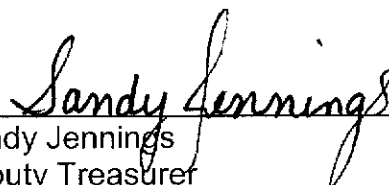
As of July 31, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.

The City's Investment Policy requires that the Council be advised each month of the number of securities maturing beyond one year. The City presently has 16 securities meeting the criteria.

All City investments are in compliance with the City's Investment Policy.



Brian J. Ponty
Director of Finance and Financial Planning



Sandy Jennings
Deputy Treasurer

cc: Edward P. Everett, City Manager

I N V E S T M E N T P O R T F O L I O

31 JUL 2007

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE

US AGENCIES, SECURITIES, AND CORPORATE NOTES									
Federal Home Loan Bank	03-21-05	2,978,940.00	08-24-07	4.106	3,000,000.00	2.696	2,997,180.00	0.00	
Federal National Mortgage Assoc.	09-07-04	3,000,000.00	09-07-07	3.601	3,000,000.00	2.696	2,996,250.00	0.03	
Federal National Mortgage Assoc.	04-04-07	1,463,250.00	09-26-07	5.238	1,500,000.00	1.348	1,488,000.00	0.01	
Federal Home Loan Bank	04-04-07	1,461,855.83	10-03-07	5.233	1,500,000.00	1.348	1,486,650.00	0.03	
Treasury Notes	01-17-07	2,981,550.00	10-31-07	5.051	3,000,000.00	2.696	2,995,320.00	0.08	
Federal National Mortgage Assoc.	02-22-07	2,893,950.83	11-02-07	5.248	3,000,000.00	2.696	2,960,700.00	0.08	
Federal National Mortgage Assoc.	01-04-05	2,975,625.00	01-15-08	3.535	3,000,000.00	2.696	2,972,820.00	0.13	
Federal Home Loan Bank	05-02-07	985,840.00	02-15-08	5.229	1,000,000.00	0.899	989,690.00	0.05	
Federal Home Loan Bank	02-17-05	2,986,875.00	02-15-08	3.780	3,000,000.00	2.696	2,972,820.00	0.16	
Federal Home Loan Bank	07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	2.696	2,981,250.00	0.19	
Federal National Mortgage Assoc.	05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	2.696	3,018,750.00	0.24	
Federal Home Loan Mortgage Corp.	06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	2.696	2,980,260.00	0.27	
Federal National Mortgage Assoc.	06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	2.696	2,933,430.00	0.27	
Federal Home Loan Bank	(1) 05-02-07	3,004,320.00	08-08-08	4.999	3,000,000.00	2.696	3,001,890.00	0.32	
Federal Home Loan Mortgage Corp.	(1) 02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	2.696	2,954,070.00	0.35	
Federal National Mortgage Assoc.	(1) 03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	2.696	2,955,930.00	0.40	
Treasury Notes	(1) 04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.696	2,993,910.00	0.49	
Federal Home Loan Mortgage Corp.	(1) 12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.696	3,037,500.00	0.51	
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.696	3,015,930.00	0.59	
Federal Home Loan Bank	(1) 01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.696	3,024,390.00	0.62	
Federal Home Loan Bank	(1) 05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.696	2,932,500.00	0.65	
Federal Home Loan Bank	(1) 09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.696	3,018,750.00	0.67	
Fed Farm Credit	(1) 11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.696	3,002,820.00	0.73	
Federal Home Loan Mortgage Corp.	(1) 12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.696	2,986,890.00	0.73	
Treasury Notes	(1) 01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.696	2,936,490.00	0.78	
Federal National Mortgage Assoc.	(1) 02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.696	2,924,070.00	0.84	
Federal Home Loan Bank	(1) 03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.696	3,001,890.00	0.84	
Federal Home Loan Bank	(1) 05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.696	2,991,570.00	0.89	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.696	3,020,640.00	0.92	

Total Governments		81,466,348.16		4.636	82,000,000.00	73.677	81,572,360.00	11.87	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				5.255	13,336,140.86	11.983		0.12	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				4.740	7,182,585.35	6.454		0.06	

I N V E S T M E N T P O R T F O L I O

31 JUL 2007

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				4.740	1,917,435.81	1.723		0.02	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.740	6,860,401.72	6.164		0.06	
Total Liquid Accounts				4.974	29,296,563.74	26.323		0.26	
SUB-TOTAL				(average weighted yield)	4.666	111,296,563.74	100.00	12.14	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				4.790	47,021.15	0.088			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC				6.190	1,543,000.00	2.899			
1998 CITY HALL COP - RESERVE FUND - LAIF				5.255	1,056,220.01	1.985			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				4.810	477.93	0.001			
1998 CITY HALL COP-BASE RENTAL PAYMENT FUND				4.760	104.99	0.000			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY				4.290	1,185,187.50	2.227			
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				4.850	1.68	0.000			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.790	52,935.37	0.099			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				4.680	29,642.48	0.056			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				4.680	23,530.25	0.044			
1999 SEAPORT CONS. BONDS - REV ACCT - MONEY MARKET				0.000	8.88	0.000			
1999 SEAPORT CONS BONDS RESERVE FUND TREASURY				4.990	944,406.25	1.774			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				4.710	344,833.78	0.648			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				4.710	1,043,205.35	1.960			
2000A PACIFIC SHORES BONDS - I&R FUND				4.720	65.01	0.000			
2000A PACIFIC SHORES BONDS - REBATE FUND				4.720	56,031.47	0.105			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				4.710	88,478.23	0.166			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				4.710	16,332.85	0.031			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY				4.610	2,056,289.46	3.864			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				4.830	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				4.710	101.93	0.000			
2001A RWS TRANS IMPRVMT BONDS - PRINCIPAL FUND - MONEY MARKET				4.720	16.31	0.000			
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET				4.710	352,854.34	0.663			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				4.720	386.21	0.001			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				5.120	1,016,650.00	1.910			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.720	77,052.50	0.145			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				4.720	1,024,619.25	1.925			
2003A RDA TAX ALLOCATION BONDS - I&R FUND				4.770	0.00	0.000			

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2003A RDA TAX ALLOCATION BONDS - MONEY MARKET				4.730	0.00	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - I&R FUND				4.720	169.88	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - PRINCIPAL FUND - MONEY MARK				4.690	11.29	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - RESERVE FUND - MONEY MARKET				4.720	473,736.18	0.890			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				4.720	694,440.16	1.305			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC				4.911	2,164,425.00	4.067			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				4.910	53,147.46	0.100			
2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				4.720	412,733.04	0.775			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				0.000	0.00	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				4.720	525,602.73	0.988			
2006A WATER REV BONDS - PROJECT FUND - GIC				4.695	10,516,257.67	19.759			
2006A WATER REV BONDS - PROJECT FUND - MONEY MARKET				4.840	0.00	0.000			
2006A WATER REV BONDS - RESERVE FUND - GIC				4.691	1,573,906.25	2.957			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				4.710	36,520.81	0.069			
CAPITAL PROJECT FUND - MONEY MARKET				4.720	4,167,826.04	7.831			
RECYCLED WATER 2007 - RESERVE FUND				5.450	950,950.00	1.787			
RECYCLED WATER 2007 DELIVERY OF COSTS FUND				4.610	88,411.77	0.166			
RECYCLED WATER 2007 RESERVE FUND				4.710	7,761.93	0.015			
RECYCLED WATER PROJ 2007A PROJECT FUND				4.610	37,863.32	0.071			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.950	13,850,000.00	26.023			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT				4.710	112,146.92	0.211			
TRAFFIC IMPACT FUND - MONEY MARKET				4.720	6,597,174.09	12.395			
Total with Fiscal Agents					53,222,541.86	100.0			
TOTAL BOTH PORTFOLIOS					<u>164,519,105.60</u>				

* Difference in value between Principal Amount and Market Value may be due to timing of purchase. Some of these investments may have been purchased when interest rates were low. Principal amount also indicates PAR (face) value and does not reflect whether investment was purchased at a discount or premium. As interest rates increase or decrease the value of the investment will decrease or increase accordingly. The City's investment intention is to hold the investments to maturity thereby receiving PAR value at maturity unless the City will realize a profit by liquidating the investment prior to maturity date.

(1) Denotes investments with a maturity greater than one (1) year.

(2) Market value obtained from the Principal Portfolio statement issued by Union Bank of California, Redwood City's third party administrator.

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Investment Policy - Maturity of Investments Guidelines

As of 31 JUL 2007:

\$82,000,000.00 securities

\$29,296,563.74 liquids

\$111,296,563.74 securities & liquid = "idle funds"

\$29,296,563.74 liquids

3,018,750.00 FNMA

3,001,890.00 FHLB

3,037,500.00 FHLMC

3,015,930.00 FHLB

3,024,390.00 FHLB

3,018,750.00 FHLB

3,002,820.00 FFC

3,001,890.00 FHLB

3,020,640.00 FHLB

\$56,439,123.74 Total investments that can be sold at face value in emergency

The following shows the City's investment policy liquidity and maturity requirements based on current surplus funds and the City's actual current standing:

- Policy:
- 1 Approximately 50% of idle funds will be placed in investments that can be sold at face value in event of emergency (liquid investments plus securities with market value at least equal to par value)
 - 2 Not more than 50% of idle funds shall be invested for more than one year (based on market value, maturity greater than one year)
 - 3 Not more than 25% of idle funds shall be invested for more than two years (based on market value, maturity greater than two years)

31 JUL 2007 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$55,648,281.87	\$56,439,123.74
	2 \$55,648,281.87	\$47,799,240.00

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	3	\$27,824,140.94			\$26,815,620.00				