

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

May 11, 2011

## Subject

Monthly Investment Report for Period Ending April 30, 2011.

## Background

The attached investment report indicates that on April 30, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$129,143,257.63 were invested producing an average yield of 0.923%. The target Fed Funds rate for March is 0.25%. The report represents all securities in which City funds, including all trust funds and agency funds, are invested (excluding deferred compensation plans) and all of these investments are in compliance with the City policy.

Securities purchased in the month of April:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Mortgage Corp.	04/11/2011	\$3,000,000.00	1.450%	04/11/2014

No securities matured, were called, or sold in the month of April.

The City's investment policy requires that approximately 50% of idle funds be placed in liquid investments, not more than 50% of idle funds be invested for more than one year, and not more than 25% of idle funds be invested for more than two years. Based on the City's current investments:

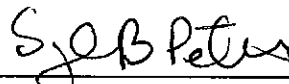
Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$ 64,524,128.82	\$ 100,254,077.63
With maturity greater than one year (max)	\$ 64,524,128.82	\$ 80,003,490.00
With maturity greater than two year (max)	\$ 32,262,064.41	\$ 64,996,350.00

Investment broker used to purchase securities for the City this month was Morgan Stanley Smith Barney.

As of April 30, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.



Brian J. Ponty  
Director of Finance



Sylvia Bravo Peters  
Deputy Treasurer

cc: Robert Bell, City Manager

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

30 APR 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$) (2)	Average MATURITY (Months)	NEXT CALL DATE
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US AGENCIES, SECURITIES, AND CORPORATE NOTES									
Federal National Mortgage Assoc.	08-02-10	3,000,000.00	05-02-11	1.000	3,000,000.00	2.323	3,000,000.00	0.00	05-02-11
Federal Home Loan Mortgage Corp.	12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.323	3,032,850.00	0.05	
Federal Home Loan Bank	(1) 11-23-10	3,000,000.00	08-23-12	0.500	3,000,000.00	2.323	3,002,550.00	0.37	05-23-11
Federal Home Loan Mortgage Corp.	(1) 01-26-11	3,000,000.00	10-26-12	0.750	3,000,000.00	2.323	3,001,650.00	0.42	07-26-11
Fed Farm Credit	(1) 02-04-11	3,000,000.00	02-04-13	0.800	3,000,000.00	2.323	3,000,090.00	0.49	05-04-11
Federal Home Loan Mortgage Corp.	(1) 02-25-11	3,000,000.00	02-25-13	1.000	3,000,000.00	2.323	3,007,050.00	0.51	08-25-11
Federal Home Loan Mortgage Corp.	(1) 10-29-10	3,000,000.00	04-29-13	0.700	3,000,000.00	2.323	2,995,800.00	0.56	07-29-11
Federal Home Loan Bank	(1) 02-03-11	3,000,000.00	05-03-13	1.000	3,000,000.00	2.323	3,000,000.00	0.56	05-03-11
Federal National Mortgage Assoc.	(1) 09-27-10	3,000,000.00	06-27-13	1.000	3,000,000.00	2.323	3,006,300.00	0.60	09-27-11
Federal Home Loan Bank	(1) 11-01-10	3,000,000.00	08-01-13	0.750	3,000,000.00	2.323	2,987,310.00	0.63	
Federal Home Loan Mortgage Corp.	(1) 02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.323	3,006,630.00	0.63	02-15-12
Federal National Mortgage Assoc.	(1) 08-19-10	3,000,000.00	08-19-13	1.250	3,000,000.00	2.323	3,006,660.00	0.65	08-19-11
Federal Home Loan Mortgage Corp.	(1) 08-23-10	3,000,000.00	08-23-13	1.150	3,000,000.00	2.323	3,001,350.00	0.65	05-23-11
Federal Home Loan Bank	(1) 08-30-10	2,000,000.00	08-28-13	0.600	2,000,000.00	1.549	1,998,450.00	0.43	08-28-11
Federal Home Loan Bank	(1) 08-30-10	3,000,000.00	08-28-13	0.500	3,000,000.00	2.323	3,001,110.00	0.65	05-28-11
Federal Home Loan Bank	(1) 09-03-10	3,000,000.00	09-03-13	1.050	3,000,000.00	2.323	3,000,120.00	0.65	
Fed Farm Credit	(1) 09-09-10	3,000,000.00	09-09-13	1.040	3,000,000.00	2.323	3,000,120.00	0.65	03-09-11
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.323	2,997,990.00	0.65	09-09-11
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.323	3,016,200.00	0.67	
Federal Home Loan Mortgage Corp.	(1) 09-24-10	3,000,000.00	09-24-13	1.200	3,000,000.00	2.323	2,999,460.00	0.67	06-24-11
Federal Home Loan Mortgage Corp.	(1) 09-24-10	3,000,000.00	09-24-13	1.200	3,000,000.00	2.323	2,999,460.00	0.67	06-24-11
Federal Home Loan Mortgage Corp.	(1) 09-30-10	3,000,000.00	09-30-13	0.750	3,000,000.00	2.323	2,999,820.00	0.67	06-30-11
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.323	2,979,840.00	0.70	10-28-11
Fed Farm Credit	(1) 11-12-10	3,000,000.00	11-12-13	0.790	3,000,000.00	2.323	2,986,020.00	0.70	
Federal National Mortgage Assoc.	(1) 11-26-10	3,000,000.00	11-26-13	1.000	3,000,000.00	2.323	2,981,370.00	0.72	05-26-11
Federal Home Loan Mortgage Corp.	(1) 02-11-11	3,000,000.00	02-11-14	1.000	3,000,000.00	2.323	3,000,420.00	0.77	05-11-11
Federal Home Loan Mortgage Corp.	(1) 03-07-11	3,000,000.00	03-07-14	1.000	3,000,000.00	2.323	3,001,140.00	0.79	06-07-11
Federal Home Loan Bank	(1) 03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.323	3,016,620.00	0.81	03-28-12
Federal Home Loan Mortgage Corp.	(1) 04-11-11	3,000,000.00	04-11-14	1.450	3,000,000.00	2.323	3,009,960.00	0.81	10-11-11
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Total Securities		86,209,580.00		1.026	86,000,000.00	66.593	86,036,340.00	17.14	
CERTIFICATE OF DEPOSITS									
CERTIFICATE OF DEPOSIT	03-03-11	95,000.00	03-03-12	0.450	95,000.00	0.074		0.01	

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

30 APR 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
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Total Certificate of Deposits				0.450	95,000.00	0.074		0.01	
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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.588	26,334,271.24	20.392		0.20	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.950	8,888,166.46	6.882		0.07	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				0.950	7,825,819.93	6.060		0.06	
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Total Liquid Accounts				0.729	43,048,257.63	33.334		0.33	
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SUB-TOTAL		(average weighted yield)		0.923	129,143,257.63	100.00		17.48	
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CASH AND INVESTMENTS WITH FISCAL AGENTS									
1998 CITY HALL COP - RESERVE FUND - LAIF				0.000	0.06				
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				0.000	1.37				
1998 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.100	1,238,558.58	5.742			
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	57,973.24	0.269			
2001A RWC TRANS IMPROVMT - CITIBANK CD			08-26-13	1.000	182,000.00	0.844			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.250	182,000.00	0.844			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	7,870.84	0.036			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	1,110,256.05	5.147			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.505			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	0.38				
2003B IMPRV PHASE 2 - SYNOVUS BANK CD			03-02-12	0.006	187,000.00	0.867			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.695			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	44,770.91	0.208			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	32,440.07	0.150			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	23,478.75	0.109			
2006A WATER REV BONDS-FHLMC-RESERVE FUND			10-18-13	0.850	1,500,000.00	6.954			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				02-01-35	950,950.00	4.409			
RDA PROJECT AREA #2 SERIES 2003A-PREPAYMENT FUND				0.000	1,570,637.50	7.281			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	582.78	0.003			
RECYCLE WATER PROJECT 2007A-MMF				0.000	688.26	0.003			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.403			

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TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.417			
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.400	2,056,289.46	9.533			
RWC 2005A FHLMC-RESERVE FUND			10-18-13	0.850	2,100,000.00	9.735			
RWC PACIFIC SHORE PROJECT SPECIAL TAX 2000 - FHLMC			08-12-11	0.130	356,809.20	1.654			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	4.15				
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.100	7.15				
RWC PACIFIC SHORES PROJECT SPECIAL TAX 2000-FHLMC				0.000	213.69	0.001			
RWC PFA WATER 2007A-CD BANCO SANTANDER P R SAN JUAN			11-14-11	0.400	77,000.00	0.357			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.000	6,339,904.42	29.391			
2007 WATER REV BONDS - LAIF				0.560	3,114,426.52	14.438			
Total with Fiscal Agents					21,570,737.03	100.0			
TOTAL BOTH PORTFOLIOS					<u>150,713,994.66</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.

Investment Policy - Maturity of Investments Guidelines

As of 30 APR 2011:

\$86,000,000.00 securities

\$95,000.00 cds

\$43,048,257.63 liquids

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\$129,143,257.63 securities & liquid = "idle funds"

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30 APR 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		\$95,000.00							
		\$43,048,257.63							
		3,000,000.00							
		3,032,850.00							
		3,002,550.00							
		3,001,650.00							
		3,000,090.00							
		3,007,050.00							
		3,000,000.00							
		3,006,300.00							
		3,006,630.00							
		3,006,660.00							
		3,001,350.00							
		3,001,110.00							
		3,000,120.00							
		3,000,120.00							
		3,016,200.00							
		3,000,420.00							
		3,001,140.00							
		3,016,620.00							
		3,009,960.00							

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 \$100,254,077.63 Total investments that can be sold at face value in emergency

The following summarizes 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)

30 APR 2011 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$64,524,128.82	\$100,254,077.63

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

30 APR 2011

TYPE		DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
	2		\$64,524,128.82			\$80,003,490.00				
	3		\$32,262,064.41			\$64,996,350.00				