

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

March 14, 2011

## Subject

Monthly Investment Report for Period Ending February 28, 2011.

## Background

The attached investment report indicates that on February 28, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$117,001,967.07 were invested producing an average yield of 0.871%. The target Fed Funds rate for February 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).

Securities purchased in the month of February:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Bank	02/03/2011	\$3,000,000.00	1.000%	05/03/2013
Federal Farm Credit Bank	02/04/2011	\$3,000,000.00	0.800%	02/04/2013
Federal Home Loan Mortgage Corp.	02/11/2011	\$3,000,000.00	1.000%	02/11/2014
Federal Home Loan Mortgage Corp.	02/15/2011	\$3,000,000.00	1.100%	08/15/2013
Federal Home Loan Bank	02/15/2011	\$3,000,000.00	0.600%	08/15/2012
Federal Home Loan Mortgage Corp.	02/25/2011	\$3,000,000.00	1.000%	02/25/2011

Securities matured, called, or sold in the month of February:

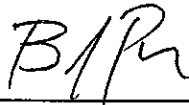
Investment Type	Date	Par Amount	Interest Rate
Fannie Mae	02/09/2011	\$3,000,000.00	1.300 %

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)	\$ 58,453,483.54	\$ 61,074,297.07
With maturity greater than one year (max)	\$ 58,453,483.54	\$ 70,766,044.00
With maturity greater than two year (max)	\$ 29,226,741.77	\$ 58,767,454.00


Investment brokers used to purchase securities for the City are Morgan Stanley Smith Barney, Merrill Lynch, and Cantor Fitzgerald.

As of February 28, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.



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Brian J. Ponty  
Director of Finance



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Sylvia Bravo Peters  
Deputy Treasurer

cc: Robert Bell, Interim City Manager

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

28 FEB 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 Home Loan Mortgage Corp.	02-11-11	3,000,000.00	02-11-04	1.000	3,000,000.00	2.564	3,002,280.00	2.18	05-11-11
Federal Home Loan Bank	02-15-11	3,000,000.00	03-15-11	0.600	3,000,000.00	2.564	2,994,810.00	0.00	03-15-11
Federal Home Loan Mortgage Corp.	12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.564	3,058,290.00	0.10	
Federal Home Loan Bank	(1) 11-23-10	3,000,000.00	08-23-12	0.500	3,000,000.00	2.564	2,996,310.00	0.46	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	2.564	2,994,930.00	0.51	07-26-11
Fed Farm Credit	(1) 02-04-11	3,000,000.00	02-04-13	0.800	3,000,000.00	2.564	3,000,930.00	0.59	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	2.564	3,006,420.00	0.62	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	2.564	2,983,350.00	0.67	04-29-11
Federal Home Loan Bank	(1) 02-03-11	3,000,000.00	05-03-13	1.000	3,000,000.00	2.564	3,000,000.00	0.67	05-03-11
Federal National Mortgage Assoc.	(1) 09-27-10	3,000,000.00	06-27-13	1.000	3,000,000.00	2.564	2,994,300.00	0.72	09-27-11
Federal Home Loan Bank	(1) 11-01-10	3,000,000.00	08-01-13	0.750	3,000,000.00	2.564	2,972,700.00	0.74	
Federal National Mortgage Assoc.	(1) 08-02-10	3,000,000.00	08-02-13	1.000	3,000,000.00	2.564	3,001,800.00	0.74	05-02-11
Federal Home Loan Mortgage Corp.	(1) 02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.564	2,992,050.00	0.74	02-15-12
Federal National Mortgage Assoc.	(1) 08-19-10	3,000,000.00	08-19-13	1.250	3,000,000.00	2.564	2,994,930.00	0.77	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	2.564	2,988,660.00	0.77	05-23-11
Federal Home Loan Bank	(1) 08-30-10	2,000,000.00	08-28-13	0.600	2,000,000.00	1.709	1,999,924.00	0.51	08-28-11
Federal Home Loan Bank	(1) 08-30-10	3,000,000.00	08-28-13	0.500	3,000,000.00	2.564	3,001,680.00	0.77	05-28-11
Federal Home Loan Bank	(1) 09-03-10	3,000,000.00	09-03-13	1.050	3,000,000.00	2.564	2,988,870.00	0.77	
Fed Farm Credit	(1) 09-09-10	3,000,000.00	09-09-13	1.040	3,000,000.00	2.564	2,982,780.00	0.77	03-09-11
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.564	2,989,590.00	0.77	09-09-11
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.564	3,000,930.00	0.79	03-17-11
Federal Home Loan Mortgage Corp.	(1) 09-24-10	3,000,000.00	09-24-13	1.200	3,000,000.00	2.564	2,983,980.00	0.79	03-24-11
Federal Home Loan Mortgage Corp.	(1) 09-24-10	3,000,000.00	09-24-13	1.200	3,000,000.00	2.564	2,983,980.00	0.79	03-24-11
Federal Home Loan Mortgage Corp.	(1) 09-30-10	3,000,000.00	09-30-13	0.750	3,000,000.00	2.564	2,997,120.00	0.79	03-30-11
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.564	2,963,670.00	0.82	04-28-11
Fed Farm Credit	(1) 11-12-10	3,000,000.00	11-12-13	0.790	3,000,000.00	2.564	2,984,580.00	0.82	
Federal National Mortgage Assoc.	(1) 11-26-10	3,000,000.00	11-26-13	1.000	3,000,000.00	2.564	2,962,560.00	0.85	05-26-11
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Total Securities		80,209,580.00		0.981	80,000,000.00	68.375	79,821,424.00	19.54	
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-10	95,000.00	03-03-11	0.650	95,000.00	0.081		0.00	
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Total Certificate of Deposits				0.650	95,000.00	0.081		0.00	

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

28 FEB 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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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.512	27,377,281.99	23.399		0.23	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				1.030	6,945,927.68	5.937		0.06	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.030	2,583,757.40	2.208		0.02	
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Total Liquid Accounts				0.646	36,906,967.07	31.544		0.32	
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SUB-TOTAL			(average weighted yield)	0.871	117,001,967.07	100.00		19.85	
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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	1,238,358.40	5.619			
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	57,963.87	0.263			
2000A PACIFIC SHORES-TRAFFIC MITIGATION FUND-MMF				0.000	1,016.03	0.005			
2001A RWC TRANS IMPROVMT - CITIBANK CD			08-26-13	1.000	182,000.00	0.826			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.250	182,000.00	0.826			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	7,503.10	0.034			
2001A RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	112,087.50	0.509			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	2.040	1,075,000.00	4.878			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	29,746.67	0.135			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.494			
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	0.849			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.681			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	44,214.52	0.201			
2003B RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	202,394.38	0.918			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	23,515.07	0.107			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	17,103.75	0.078			
2006A WATER REV BONDS-FHLMC-RESERVE FUND			10-18-13	0.850	1,500,000.00	6.807			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	4.315			
RDA PROJECT AREA #2 SERIES 2003A-PREPAYMENT FUND				0.000	1,570,637.50	7.127			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	582.78	0.003			

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

28 FEB 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE \$(2)	Average MATURITY (Months)	NEXT CALL DATE
RECYCLE WATER PROJECT 2007A-MMF				0.000	924.30	0.004			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.395			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.408			
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.400	2,056,289.46	9.331			
RWC 2005A FHLMC-RESERVE FUND			10-18-13	0.850	2,100,000.00	9.529			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	288,275.00	1.308			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.100	5.03				
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.000	6,324,718.23	28.700			
2007 WATER REV BONDS - LAIF				0.560	3,447,984.26	15.646			
Total with Fiscal Agents					22,037,145.31	100.0			
TOTAL BOTH PORTFOLIOS					<u>139,039,112.38</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 28 FEB 2011:

\$80,000,000.00 securities

\$95,000.00 cds

\$36,906,967.07 liquids

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\$117,001,967.07 securities & liquid = "idle funds"

\$95,000.00 cds

