

REPORT

To the Honorable Mayor and City Council
From the City Manager

September 14, 2011

Subject

Monthly Investment Report for Period Ending August 31, 2011.

Background

The attached investment report indicates that on August 31, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$114,962,171.83 were invested producing an average yield of 0.938 %. The target Fed Funds rate for August 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 August:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Bank	08/08/2011	\$3,000,000.00	0.650%	08/08/2013
Fannie Mae	08/08/2011	\$3,000,000.00	1.150%	08/08/2014
Federal Home Loan Mortgage Corp.	08/08/2011	\$3,000,000.00	0.750%	08/08/2014
Fannie Mae	08/08/2011	\$3,000,000.00	1.020%	08/08/2014
Federal Home Loan Bank	08/09/2011	\$3,000,000.00	1.000%	05/09/2014

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

Investment Type	Date	Par Amount	Interest Rate
Federal Farm Credit Bank	08/17/2011	\$ 3,000,000.00	0.790 %
Fannie Mae	08/19/2011	\$ 3,000,000.00	1.250 %
Federal Home Loan Bank	08/23/2011	\$ 3,000,000.00	0.750 %
Federal Home Loan Mortgage Corp.	08/25/2011	\$ 3,000,000.00	1.000 %
Fannie Mae	08/26/2011	\$ 3,000,000.00	1.000 %

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)	\$ 57,433,585.92	\$ 115,221,311.83
With maturity greater than one year (max)	\$ 57,433,585.92	\$ 72,258,360.00
With maturity greater than two year (max)	\$ 28,716,792.96	\$ 60,243,630.00

Investment brokers used to purchase securities for the City this month were Morgan Stanley Smith Barney and Cantor Fitzgerald.

As of August 31, 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

c: Robert Bell, City Manager

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

31 AUG 2011

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

US AGENCIES, SECURITIES, AND CORPORATE NOTES									
Federal Home Loan Bank	08-09-11	3,000,000.00	09-09-11	1.000	3,000,000.00	2.610	3,000,330.00	0.00	09-09-11
Federal Home Loan Bank	07-13-11	3,000,000.00	09-15-11	0.875	3,000,000.00	2.610	3,000,450.00	0.00	09-15-11
Federal Home Loan Mortgage Corp.	(1) 10-29-10	3,000,000.00	04-29-13	0.700	3,000,000.00	2.610	3,002,010.00	0.52	10-29-11
Federal National Mortgage Assoc.	(1) 09-27-10	3,000,000.00	06-27-13	1.000	3,000,000.00	2.610	3,001,470.00	0.57	09-27-11
Federal Home Loan Bank	(1) 08-08-11	3,000,000.00	08-08-13	0.650	3,000,000.00	2.610	3,001,110.00	0.60	11-08-11
Federal Home Loan Mortgage Corp.	(1) 02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.610	3,010,140.00	0.60	02-15-12
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.610	3,000,450.00	0.63	09-09-11
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.610	3,039,960.00	0.63	
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.610	3,002,310.00	0.68	10-28-11
Federal Home Loan Mortgage Corp.	(1) 07-13-11	3,000,000.00	01-13-14	0.550	3,000,000.00	2.610	3,000,600.00	0.73	10-13-11
Federal Home Loan Bank	(1) 07-13-11	3,000,000.00	01-13-14	0.750	3,000,000.00	2.610	3,004,200.00	0.73	01-13-12
Federal Home Loan Bank	(1) 03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.610	3,019,920.00	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	2.610	3,003,480.00	0.81	10-11-11
Fed Farm Credit	(1) 05-02-11	3,000,000.00	05-02-14	1.340	3,000,000.00	2.610	3,016,740.00	0.84	05-02-12
Federal Home Loan Bank	(1) 05-16-11	3,000,000.00	05-16-14	1.320	3,000,000.00	2.610	3,022,530.00	0.84	05-16-12
Federal Home Loan Bank	(1) 05-23-11	3,000,000.00	05-23-14	1.125	3,000,000.00	2.610	3,018,780.00	0.86	05-23-12
Federal Home Loan Bank	(1) 06-06-11	3,000,000.00	06-06-14	1.250	3,000,000.00	2.610	3,019,890.00	0.86	06-06-12
Federal Home Loan Bank	(1) 06-13-11	3,000,000.00	06-13-14	1.150	3,000,000.00	2.610	3,019,170.00	0.86	06-13-12
Federal Home Loan Mortgage Corp.	(1) 06-23-11	3,000,000.00	06-23-14	1.150	3,000,000.00	2.610	3,006,630.00	0.89	12-23-11
Federal National Mortgage Assoc.	(1) 06-27-11	3,000,000.00	06-27-14	1.000	3,000,000.00	2.610	3,013,410.00	0.89	06-27-12
Federal National Mortgage Assoc.	(1) 07-11-11	3,000,000.00	07-11-14	1.200	3,000,000.00	2.610	3,005,190.00	0.89	01-11-12
Federal Home Loan Bank	(1) 07-11-11	3,000,000.00	07-11-14	1.025	3,000,000.00	2.610	3,010,470.00	0.89	04-11-12
Federal Home Loan Bank	(1) 07-18-11	3,000,000.00	07-18-14	1.000	3,000,000.00	2.610	3,015,600.00	0.91	07-18-12
Federal Home Loan Mortgage Corp.	(1) 08-08-11	3,000,000.00	08-08-14	0.750	3,000,000.00	2.610	3,001,260.00	0.91	11-08-11
Federal National Mortgage Assoc.	(1) 08-08-11	3,000,000.00	08-08-14	1.150	3,000,000.00	2.610	3,007,680.00	0.91	02-08-12
Federal National Mortgage Assoc.	(1) 08-08-11	3,000,000.00	08-08-14	1.020	3,000,000.00	2.610	3,015,360.00	0.91	08-08-12
Total Securities		78,000,000.00		1.037	78,000,000.00	67.848	78,259,140.00	18.76	
CERTIFICATE OF DEPOSITS									
CERTIFICATE OF DEPOSIT	03-03-11	95,000.00	03-03-12	0.450	95,000.00	0.083		0.00	
Total Certificate of Deposits				0.450	95,000.00	0.083		0.00	

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

31 AUG 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.050	631,033.77	2.377			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.050	3,084,050.85	11.617			
RWC ONE MARINA 2011 RESERVE FUND				0.050	506,018.75	1.906			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	2,123,275.01	7.998			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.000	4.09				
RWC PFA WATER 2007A-CD BANCO SANTANDER P R SAN JUAN			11-14-11	0.400	77,000.00	0.290			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.000	6,347,428.59	23.910			
2007 WATER REV BONDS - LAIF				0.560	2,820,129.86	10.623			
Total with Fiscal Agents					26,546,811.96	100.0			
TOTAL BOTH PORTFOLIOS					<u>141,508,983.79</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 31 AUG 2011:

\$78,000,000.00 securities

\$95,000.00 cds

\$36,867,171.83 liquids

\$114,962,171.83 securities & liquid = "idle funds"

\$95,000.00 cds

\$36,867,171.83 liquids

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

31 AUG 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
31 AUG 2011 result:	Policy Requirements Based on Current Investments		Actual Investments						
	1	\$57,433,585.92			\$115,221,311.83				
	2	\$57,433,585.92			\$72,258,360.00				
	3	\$28,716,792.96			\$60,243,630.00				