

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

January 7, 2011

## Subject

Monthly Investment Report for Period Ending November 30, 2010.

## Background

This report was delayed due to system errors within the financial system.

The attached investment report indicates that on November 30, 2010 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$103,967,763.12 were invested producing an average yield of 1.082%. The target Fed Funds rate for November 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 November:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Bank	11/01/2010	\$3,000,000.00	0.750 %	08/01/2013
Federal Farm Credit	11/12/2010	\$3,000,000.00	0.790 %	11/12/2013
Federal Home Loan Bank	11/23/2010	\$3,000,000.00	0.500 %	08/23/2012
Fannie Mae	11/26/2010	\$3,000,000.00	1.000 %	11/26/2013

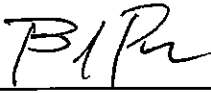
No securities were called or matured in November.

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)	\$52,842,881.56	\$ 83,243,875.12
With maturity greater than one year (max)	\$52,842,881.56	\$ 87,605,202.00
With maturity greater than two year (max)	\$25,921,440.78	\$ 81,522,702.00

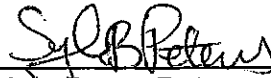
Investment brokers used to purchase securities for the City are Morgan Stanley Smith Barney, Merrill Lynch, and Cantor Fitzgerald.

As of November 30, 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

INVESTMENT PORTFOLIO

30 NOV 2010

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 Mortgage Corp.	12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.886	3,093,750.00	0.20	
Federal Home Loan Bank	(1) 11-23-10	3,000,000.00	08-23-12	0.500	3,000,000.00	2.886	3,000,000.00	0.61	02-23-11
Federal Home Loan Mortgage Corp.	(1) 10-07-09	3,048,420.00	09-21-12	1.563	3,000,000.00	2.886	3,082,500.00	0.63	
Federal National Mortgage Assoc.	(1) 04-12-10	3,000,000.00	04-08-13	1.249	3,000,000.00	2.886	3,006,570.00	0.81	04-08-11
Federal Home Loan Mortgage Corp.	(1) 10-29-10	3,000,000.00	04-29-13	0.700	3,000,000.00	2.886	2,990,160.00	0.84	04-29-11
Federal Home Loan Bank	(1) 06-17-10	3,000,000.00	06-17-13	1.000	3,000,000.00	2.886	3,000,930.00	0.89	03-17-11
Federal National Mortgage Assoc.	(1) 09-27-10	3,000,000.00	06-27-13	1.000	3,000,000.00	2.886	3,005,640.00	0.89	09-27-11
Federal Home Loan Bank	(1) 06-28-10	3,000,000.00	06-28-13	1.000	3,000,000.00	2.886	3,004,680.00	0.89	06-28-11
Federal Home Loan Mortgage Corp.	(1) 06-28-10	3,000,000.00	06-28-13	1.250	3,000,000.00	2.886	3,001,440.00	0.89	12-28-10
Federal Home Loan Mortgage Corp.	(1) 06-28-10	3,000,000.00	06-28-13	1.625	3,000,000.00	2.886	3,019,650.00	0.89	06-28-11
Federal Home Loan Bank	(1) 07-12-10	3,000,000.00	07-12-13	1.400	3,000,000.00	2.886	3,022,500.00	0.89	01-12-12
Federal National Mortgage Assoc.	(1) 07-19-10	3,000,000.00	07-19-13	1.125	3,000,000.00	2.886	3,000,930.00	0.92	01-19-11
Federal Home Loan Mortgage Corp.	(1) 07-26-10	3,000,000.00	07-26-13	1.400	3,000,000.00	2.886	3,003,240.00	0.92	01-26-11
Federal Home Loan Mortgage Corp.	(1) 07-26-10	1,500,000.00	07-26-13	1.000	1,500,000.00	1.443	1,500,420.00	0.46	01-26-11
Federal Home Loan Bank	(1) 11-01-10	3,000,000.00	08-01-13	0.750	3,000,000.00	2.886	2,987,820.00	0.92	02-01-11
Federal National Mortgage Assoc.	(1) 08-02-10	3,000,000.00	08-02-13	0.750	3,000,000.00	2.886	3,000,000.00	0.92	02-02-11
Federal National Mortgage Assoc.	(1) 08-09-10	3,000,000.00	08-09-13	1.300	3,000,000.00	2.886	3,003,750.00	0.92	02-09-11
Federal National Mortgage Assoc.	(1) 08-19-10	3,000,000.00	08-19-13	1.250	3,000,000.00	2.886	3,008,430.00	0.95	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	2.886	3,002,760.00	0.95	02-23-11
Federal Home Loan Bank	(1) 08-30-10	2,000,000.00	08-28-13	0.600	2,000,000.00	1.924	2,000,502.00	0.63	02-28-11
Federal Home Loan Bank	(1) 08-30-10	3,000,000.00	08-28-13	0.500	3,000,000.00	2.886	2,999,070.00	0.95	02-28-11
Federal Home Loan Bank	(1) 09-03-10	3,000,000.00	09-03-13	1.050	3,000,000.00	2.886	3,000,000.00	0.95	12-03-10
Fed Farm Credit	(1) 09-09-10	3,000,000.00	09-09-13	1.040	3,000,000.00	2.886	3,001,890.00	0.95	03-09-11
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.886	3,007,500.00	0.95	09-09-11
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.886	3,003,750.00	0.98	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	2.886	3,002,640.00	0.98	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	2.886	3,002,640.00	0.98	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	2.886	2,996,400.00	0.98	03-30-11
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.886	2,986,890.00	1.01	01-28-11
Fed Farm Credit	(1) 11-12-10	3,000,000.00	11-12-13	0.790	3,000,000.00	2.886	2,977,500.00	1.01	05-12-10
Federal National Mortgage Assoc.	(1) 11-26-10	3,000,000.00	11-26-13	1.000	3,000,000.00	2.886	2,985,000.00	1.04	05-26-11
Total Securities		90,758,000.00		1.097	90,500,000.00	87.046	90,698,952.00	26.86	

CERTIFICATE OF DEPOSITS

INVESTMENT PORTFOLIO  
30 NOV 2010

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
METLIFE BANK	10-20-10	187,000.00	01-20-11	0.200	187,000.00	0.180		0.00	
FIRST NATIONAL BANK	03-03-10	95,000.00	03-03-11	0.650	95,000.00	0.091		0.00	
Total Certificate of Deposits				0.352	282,000.00	0.271		0.00	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.454	1,754,110.66	1.687		0.02	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				1.130	6,123,872.30	5.890		0.06	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.130	5,307,780.16	5.105		0.05	
Total Liquid Accounts				1.040	13,185,763.12	12.683		0.13	
SUB-TOTAL		(average weighted yield)		1.082	103,967,763.12	100.00		27.00	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1998 CITY HALL COP - RESERVE FUND - LAIF				0.000	0.06				
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	4.190	1,185,187.50	5.376			
1998 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.100	25,504.83	0.116			
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	5.09				
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	57,949.27	0.263			
2000A PACIFIC SHORES-TRAFFIC MITIGATION FUND-MMF				0.000	567.80	0.003			
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	6,012.19	0.027			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	2.020	1,075,000.00	4.877			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	18,727.92	<del>0.08</del>			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	219,990.78	<del>0.998</del>			
2003A RDA TAX ALLOCATIONS BONDS (17R) FUND-MMF				0.000	908,724.38	4.122			
2003B IMPRV PHASE 2 - SYNOVUS BANK CD			03-02-12	0.006	187,000.00	0.848			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.680			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	58.59				
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	22,747.56	0.103			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	16,287.09	0.074			

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

30 NOV 2010

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
2006A WATER REV BONDS-FHLMC-RESERVE FUND			10-18-13	0.850	1,500,000.00	6.805			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	4.314			
CD - ISRAEL DISCOUNT BANK OF NY			01-21-11	0.200	51,000.00	0.231			
CD-METLIFE BANK			01-12-11	0.200	43,000.00	0.195			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	782.92	0.004			
RECYCLE WATER PROJECT 2007A-MMF				0.000	817.12	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	9.328			
RWC 2002A IMP PROJECT BANK OF AMERICA-CD			12-23-10	0.150	116,000.00	0.526			
RWC 2002A IMP PROJECT BANK OF CHINA - CD			12-23-10	0.300	240,000.00	1.089			
RWC 2005A FHLMC-RESERVE FUND			10-18-13	0.850	2,100,000.00	9.526			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.100	47,407.29	0.215			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.560	6,324,718.23	28.691			
2007 WATER REV BONDS - LAIF				0.560	4,197,516.61	19.041			
Total with Fiscal Agents					22,044,209.00	100.0			
TOTAL BOTH PORTFOLIOS					<u>126,011,972.12</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 NOV 2010:

\$90,500,000.00 securities

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

30 NOV 2010

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		\$282,000.00							
		\$13,185,763.12							
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		\$103,967,763.12	securities & liquid = "idle funds"						
		\$282,000.00							
		\$13,185,763.12							
		3,093,750.00							
		3,000,000.00							
		3,082,500.00							
		3,006,570.00							
		3,000,930.00							
		3,005,640.00							
		3,004,680.00							
		3,001,440.00							
		3,019,650.00							
		3,022,500.00							
		3,000,930.00							
		3,003,240.00							
		1,500,420.00							
		3,000,000.00							
		3,003,750.00							
		3,008,430.00							
		3,002,760.00							
		2,000,502.00							
		3,000,000.00							
		3,001,890.00							
		3,007,500.00							
		3,003,750.00							
		3,002,640.00							
		3,002,640.00							
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		\$83,243,875.12	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:

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

30 NOV 2010

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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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 NOV 2010	Policy Requirements								
result:	Based on	Actual							
	Current Investments	Investments							
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	1 \$51,842,881.56	\$83,243,875.12							
	2 \$51,842,881.56	\$87,605,202.00							
	3 \$25,921,440.78	\$81,522,702.00							