

REPORT

To the Honorable Mayor and City Council
From the City Manager

January 19, 2009

Subject

Monthly Investment Report for Period Ending December 31, 2009

Background

The attached investment report indicates that on December 31, 2009 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$114,620,132.57 were invested producing an average yield of 2.104%. The target Fed Funds rate for December 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 December:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Bank	12/21/2009	\$3,000,000.00	1.25 %	12/21/2012
Federal Farm Credit	12/22/2009	\$2,000,000.00	1.40 %	05/22/2012
Federal Home Loan Bank	12/28/2009	\$3,000,000.00	1.25 %	12/28/2012

Securities matured or called in the month of December:

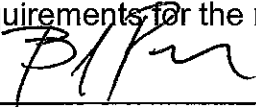
Investment Type	Date Called/ Matured	Par Amount	Interest Rate
Federal Home Loan Bank	12/9/2009	\$1,333,333.33	1.825 %

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:

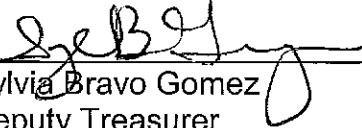
Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$57,262,566.29	\$99,337,949.24
With maturity greater than one year (max)	\$57,262,566.29	\$38,966,413.34
With maturity greater than two year (max)	\$28,631,283.14	\$30,052,120.00

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

As of December 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 Gomez
Deputy Treasurer

cc: Peter Ingram, City Manager

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

31 DEC 2009

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									
Treasury Notes									
Federal National Mortgage Assoc.	01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.617	3,002,820.00	0.00	
Federal Home Loan Bank	02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.617	3,013,140.00	0.03	
Federal Home Loan Bank	03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.617	3,027,180.00	0.05	
Federal Home Loan Bank	05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.617	3,051,570.00	0.10	
Federal Home Loan Bank	06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.617	3,066,570.00	0.13	
Federal Home Loan Bank	08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.745	2,043,120.00	0.12	
Federal Home Loan Bank	09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.617	3,098,430.00	0.21	
Federal Home Loan Bank	10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.745	2,059,380.00	0.16	
Federal National Mortgage Assoc.	(1) 07-01-08	3,000,000.00	07-01-11	4.250	3,000,000.00	2.617	3,057,180.00	0.47	07-01-08
Federal Home Loan Mortgage Corp.	(1) 12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.617	3,195,930.00	0.47	
Federal National Mortgage Assoc.	(1) 10-28-09	1,000,000.00	10-28-11	1.200	1,000,000.00	0.872	997,500.00	0.19	04-28-10
Federal Home Loan Mortgage Corp.	(1) 11-03-09	1,000,000.00	11-03-11	1.320	1,000,000.00	0.872	996,390.00	0.19	02-03-10
Federal Home Loan Bank	(1) 12-09-09	666,666.67	12-09-11	1.825	666,666.67	0.582	667,293.34	0.13	03-09-10
Federal National Mortgage Assoc.	(1) 01-27-09	999,000.00	01-27-12	2.030	1,000,000.00	0.872	1,007,190.00	0.22	07-27-10
Fed Farm Credit	(1) 12-22-09	2,000,000.00	05-22-12	1.400	2,000,000.00	1.745	1,999,900.00	0.51	03-22-10
Federal Home Loan Mortgage Corp.	(1) 06-29-09	3,000,000.00	06-29-12	2.450	3,000,000.00	2.617	3,023,430.00	0.79	06-29-10
Federal National Mortgage Assoc.	(1) 07-06-09	3,000,000.00	07-06-12	2.375	3,000,000.00	2.617	3,022,500.00	0.79	07-06-10
Federal National Mortgage Assoc.	(1) 10-27-09	3,000,000.00	07-27-12	1.700	3,000,000.00	2.617	2,990,640.00	0.81	10-27-10
Federal Home Loan Bank	(1) 08-17-09	3,000,000.00	08-17-12	2.000	3,000,000.00	2.617	3,004,680.00	0.84	02-17-10
Federal Home Loan Bank	(1) 08-24-09	3,000,000.00	08-24-12	2.150	3,000,000.00	2.617	3,012,180.00	0.84	08-24-10
Federal Home Loan Mortgage Corp.	(1) 10-07-09	3,048,420.00	09-21-12	1.563	3,000,000.00	2.617	3,031,890.00	0.86	
Federal Home Loan Bank	(1) 10-01-09	3,000,000.00	10-01-12	2.000	3,000,000.00	2.617	2,995,320.00	0.86	04-01-10
Federal Home Loan Bank	(1) 12-21-09	3,000,000.00	12-21-12	1.250	3,000,000.00	2.617	2,973,750.00	0.94	06-21-10
Federal Home Loan Bank	(1) 12-28-09	3,000,000.00	12-28-12	1.250	3,000,000.00	2.617	2,990,640.00	0.94	06-28-10
Total Securities		60,750,374.92		3.051	60,666,666.67	52.928	61,328,623.34	10.66	

CERTIFICATE OF DEPOSITS

FIRST NATIONAL BANK Rolled over 3-3-09	03-03-08	95,000.00	03-03-10	1.400	95,000.00	0.083		0.00	
Total Certificate of Deposits				1.400	95,000.00	0.083		0.00	

LIQUID ACCOUNTS

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

31 DEC 2009

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.569	1,755,210.37	1.531		0.02	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				1.050	38,461,202.67	33.555		0.34	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				1.050	0.00	0.000		0.00	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.050	13,642,052.86	11.902		0.12	

Total Liquid Accounts				1.034	53,858,465.90	46.989		0.47	

SUB-TOTAL			(average weighted yield)	2.104	114,620,132.57	100.00		11.13	

CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC			07-15-11	6.190	0.00				
1998 CITY HALL COP - RESERVE FUND - LAIF				0.000	0.06				
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	4.060	1,185,187.50	4.620			
1998 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	30,812.50	0.120			
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	57,938.32	0.226			
2000A PACIFIC SHORES-TRAFFIC MITIGATION FUND-MMF				0.000	356,567.80	1.390			
2001A RWC TRANS IMPRVMT BONDS-FHLMC-RESERVE FUND			01-20-12	2.000	350,000.00	1.364			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	14,863.23	0.058			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				0.000	134,676.25	0.525			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	1.990	1,000,000.00	3.898			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	77,176.87	0.301			
2003A RDA TAX ALLOCATION BONDS-CONSTRU FUND-MONEY MKT				0.000	219,990.78	0.858			
2003A RDA TAX ALLOCATIONS BONDS-I&R FUND-MONEY MARKET				0.000	1,089,354.38	4.247			
2003B RWS IMPRVMT PHASE II-FHLMC-RESERVE FUND			01-20-12	2.000	350,000.00	1.364			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	25,253.59	0.098			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				0.000	64,487.80	0.251			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	73,951.66	0.288			
2006A WATER REV BONDS-FHLMC-RESERVE FUND			01-20-12	2.000	1,500,000.00	5.847			
2007 RECYCLED WATER - RESERVE FUND - GIC			02-01-35	5.450	950,950.00	3.707			
RECYCLE WATER 2007-MONEY MARKET-RESERVE FUND				0.000	51,837.06	0.202			
RECYCLE WATER PROJECT 2007A-MMF				0.000	7,285,303.75	28.400			
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.625	2,056,289.46	8.016			
RWC 2005A FHLMC-RESERVE FUND			01-20-12	2.000	2,100,000.00	8.186			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.000	47,406.25	0.185			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	6,630,765.14	25.848			

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31 DEC 2009

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

Total with Fiscal Agents									
					25,652,816.54	100.0			

TOTAL BOTH PORTFOLIOS									
					<u>140,272,949.11</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 DEC 2009:

\$60,666,666.67	securities
\$95,000.00	cds
\$53,858,465.90	Liquids
3,002,820.00	TN
3,013,140.00	FNMA
3,027,180.00	FHLB
3,051,570.00	FHLB
3,066,570.00	FHLB
2,043,120.00	FHLB
3,098,430.00	FHLB
2,059,380.00	FHLB
3,057,180.00	FNMA

\$114,620,132.57 securities & Liquid = "idle funds"

