

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

January 17, 2012

## Subject

Monthly Investment Report for Period Ending December 31, 2011.

## Background

The attached investment report indicates that on December 31, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$131,176,216.25 were invested producing an average yield of 0.848 %. 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) and all of these investments are in compliance with the City policy.

Securities purchased in the month of December:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal National Mortgage Assoc	12/15/2011	\$3,000,000.00	0.750%	12/15/2014
Federal Farm Credit Bank	12/22/2011	\$3,000,000.00	0.770%	12/22/2014
Federal National Mortgage Assoc.	12/22/2011	\$3,000,000.00	0.749%	12/19/2014
Federal National Mortgage Assoc.	12/23/2011	\$3,000,000.00	0.825%	12/23/2014

Securities matured, called, or sold in the month of December


Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Bank	12/09/2011	\$ 3,000,000.00	1.000 %
Federal National Mortgage Assoc	12/23/2011	\$ 3,000,000.00	1.150 %


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)	\$65,540,608.13	\$95,317,336.25
With maturity greater than one year (max)	\$65,540,608.13	\$96,098,850.00
With maturity greater than two year (max)	\$32,770,304.06	\$81,064,770.00

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

As of December 31, 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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Antonia Saldou  
Acting 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 DEC 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.	(1)	10-29-10	3,000,000.00	04-29-13	0.700	3,000,000.00	2.287	3,000,870.00	0.37	01-29-12
Federal Home Loan Bank	(1)	08-08-11	3,000,000.00	08-08-13	0.650	3,000,000.00	2.287	3,000,030.00	0.43	
Federal Home Loan Mortgage Corp.	(1)	02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.287	3,002,550.00	0.43	02-15-12
Federal National Mortgage Assoc.	(1)	09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.287	3,034,200.00	0.46	
Federal National Mortgage Assoc.	(1)	09-27-11	3,000,000.00	09-27-13	0.550	3,000,000.00	2.287	2,996,430.00	0.48	03-27-12
Federal Home Loan Bank	(1)	07-13-11	3,000,000.00	01-13-14	0.750	3,000,000.00	2.287	3,000,330.00	0.55	01-13-12
Federal Home Loan Mortgage Corp.	(1)	09-20-11	3,000,000.00	03-20-14	0.520	3,000,000.00	2.287	2,995,410.00	0.62	09-20-12
Federal Home Loan Bank	(1)	03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.287	3,008,130.00	0.62	03-28-12
Fed Farm Credit	(1)	05-02-11	3,000,000.00	05-02-14	1.340	3,000,000.00	2.287	3,009,000.00	0.64	05-02-12
Federal Home Loan Bank	(1)	05-16-11	3,000,000.00	05-16-14	1.320	3,000,000.00	2.287	3,011,490.00	0.64	05-16-12
Federal Home Loan Bank	(1)	05-23-11	3,000,000.00	05-23-14	1.125	3,000,000.00	2.287	3,009,720.00	0.66	05-23-12
Federal Home Loan Bank	(1)	06-06-11	3,000,000.00	06-06-14	1.250	3,000,000.00	2.287	3,010,650.00	0.66	06-06-12
Federal Home Loan Bank	(1)	06-13-11	3,000,000.00	06-13-14	1.150	3,000,000.00	2.287	3,010,410.00	0.66	06-13-12
Federal National Mortgage Assoc.	(1)	06-27-11	3,000,000.00	06-27-14	1.000	3,000,000.00	2.287	3,007,860.00	0.69	06-27-12
Federal National Mortgage Assoc.	(1)	07-11-11	3,000,000.00	07-11-14	1.200	3,000,000.00	2.287	3,000,330.00	0.69	01-11-12
Federal Home Loan Bank	(1)	07-11-11	3,000,000.00	07-11-14	1.025	3,000,000.00	2.287	3,004,290.00	0.69	04-11-12
Federal Home Loan Bank	(1)	07-18-11	3,000,000.00	07-18-14	1.000	3,000,000.00	2.287	3,008,730.00	0.71	07-18-12
Federal National Mortgage Assoc.	(1)	08-08-11	3,000,000.00	08-08-14	1.150	3,000,000.00	2.287	3,001,710.00	0.71	02-08-12
Federal National Mortgage Assoc.	(1)	08-08-11	3,000,000.00	08-08-14	1.020	3,000,000.00	2.287	3,009,630.00	0.71	08-08-12
Federal National Mortgage Assoc.	(1)	09-12-11	3,000,000.00	08-28-14	0.640	3,000,000.00	2.287	2,996,580.00	0.73	08-28-12
Federal National Mortgage Assoc.	(1)	09-09-11	3,000,000.00	09-09-14	0.500	3,000,000.00	2.287	2,995,470.00	0.73	03-09-12
Federal Home Loan Bank	(1)	09-09-11	3,000,000.00	09-09-14	0.750	3,000,000.00	2.287	2,995,230.00	0.73	12-09-11
Federal Home Loan Mortgage Corp.	(1)	09-12-11	3,000,000.00	09-12-14	0.500	3,000,000.00	2.287	2,997,030.00	0.73	12-11-11
Federal National Mortgage Assoc.	(1)	09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.287	2,997,270.00	0.73	09-12-13
Federal National Mortgage Assoc.	(1)	11-04-11	2,997,375.00	10-17-14	0.592	3,000,000.00	2.287	2,994,690.00	0.78	04-17-12
Fed Farm Credit	(1)	10-24-11	3,000,000.00	10-24-14	0.900	3,000,000.00	2.287	3,000,210.00	0.78	10-24-12
Federal Home Loan Mortgage Corp.	(1)	11-03-11	3,000,000.00	11-03-14	1.000	3,000,000.00	2.287	3,004,740.00	0.78	05-03-12
Federal National Mortgage Assoc.	(1)	11-07-11	3,000,000.00	11-07-14	0.900	3,000,000.00	2.287	3,006,240.00	0.78	11-07-12
Federal National Mortgage Assoc.	(1)	12-15-11	3,000,000.00	12-15-14	1.163	3,000,000.00	2.287	2,998,290.00	0.82	06-15-12
Federal National Mortgage Assoc.	(1)	12-22-11	3,000,000.00	12-19-14	0.750	3,000,000.00	2.287	2,996,400.00	0.82	12-19-12
Fed Farm Credit	(1)	12-22-11	3,000,000.00	12-22-14	0.770	3,000,000.00	2.287	2,997,210.00	0.82	06-22-12
Federal National Mortgage Assoc.	(1)	12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.287	2,997,720.00	0.82	12-23-13
Total Securities			95,997,375.00		0.915	96,000,000.00	73.184	96,098,850.00	21.47	

I N V E S T M E N T P O R T F O L I O  
31 DEC 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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CERTIFICATE OF DEPOSITS									
CERTIFICATE OF DEPOSIT	03-03-11	95,000.00	03-03-12	0.450	95,000.00	0.072		0.00	
Total Certificate of Deposits				0.450	95,000.00	0.072		0.00	
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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.382	20,631,583.69	15.728		0.16	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				1.070	10,085,696.49	7.689		0.08	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.070	4,363,936.07	3.327		0.03	
Total Liquid Accounts				0.665	35,081,216.25	26.744		0.27	
SUB-TOTAL				(average weighted yield)	0.848	131,176,216.25	100.00	21.74	
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CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	4.45				
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	1.67				
2001A RWC TRANS IMPROVMT - CITIBANK CD			08-26-13	1.000	182,000.00	0.893			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.250	182,000.00	0.893			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	10,294.20	0.051			
2003 A RDA TAX ALLOCATION BONDS-RESERVE FUND			09-28-15	1.050	1,543,000.00	7.573			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	1.680	1,100,000.00	5.399			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	10,256.05	0.050			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.535			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	453.56	0.002			
2003B IMPRV PHASE 2 - SYNOVUS BANK CD			03-02-12	0.006	187,000.00	0.918			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.736			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	46,452.27	0.228			
2005 WATER REVENUE BONDS-FFCB			10-24-14	0.900	2,100,000.00	10.306			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	42,120.07	0.207			
2006 WATER REVENUE BONDS-FFCB			10-24-14	0.900	1,500,000.00	7.362			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	30,657.09	0.150			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	4.667			
RDA PROJECT AREA #2 SERIES 2003A-SPECIAL FUND				0.000	960,562.00	4.714			

I N V E S T M E N T P O R T F O L I O  
31 DEC 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	103,731.29	0.509			
RECYCLE WATER PROJECT 2007A-MMF				0.000	389.20	0.002			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.427			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.442			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.050	476,941.38	2.341			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.050	1,327,405.68	6.515			
RWC ONE MARINA 2011 RESERVE FUND				0.050	506,103.44	2.484			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	26.59				
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.000	47,501.03	0.233			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.005			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.460	6,353,514.37	31.181			
2007 WATER REV BONDS - LAIF				0.460	2,277,811.59	11.179			
Total with Fiscal Agents					20,376,045.44	100.0			
TOTAL BOTH PORTFOLIOS					<u>151,552,261.69</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 2011:

\$96,000,000.00 securities  
\$95,000.00 cds  
\$35,081,216.25 liquids

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\$131,176,216.25 securities & liquid = "idle funds"

INVESTMENT PORTFOLIO  
31 DEC 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								
	\$35,081,216.25								
	3,000,870.00								
	3,000,030.00								
	3,002,550.00								
	3,034,200.00								
	3,000,330.00								
	3,008,130.00								
	3,009,000.00								
	3,011,490.00								
	3,009,720.00								
	3,010,650.00								
	3,010,410.00								
	3,007,860.00								
	3,000,330.00								
	3,004,290.00								
	3,008,730.00								
	3,001,710.00								
	3,009,630.00								
	3,000,210.00								
	3,004,740.00								
	3,006,240.00								
	\$95,317,336.25								

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)

31 DEC 2011	Policy Requirements	
result:	Based on	Actual
	Current Investments	Investments

I N V E S T M E N T P O R T F O L I O  
31 DEC 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
	1	\$65,540,608.13			\$95,317,336.25				
	2	\$65,540,608.13			\$96,098,850.00				
	3	\$32,770,304.06			\$81,064,770.00				