

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

July 28, 2015

## Subject

Monthly Investment Report for Period Ending June 30, 2015.

## Background

The attached investment report indicates that on June 30, 2015 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$221,606,384.87 were invested producing an average yield of 0.850%. The target Fed Funds rate for June 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). All of these investments are in compliance with the City policy, with the exception noted below.

Securities purchased in the month of June:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Farm Credit Bank	06/05/2015	\$ 3,000,000	0.700%	06/05/2017
Federal Home Loan Mortgage Corp	06/15/2015	\$ 3,000,000	0.850%	06/16/2017
Federal Home Loan Mortgage Corp	06/16/2015	\$ 3,000,000	0.850%	06/16/2017
Federal Home Loan Bank	06/29/2015	\$ 3,000,000	1.100%	12/29/2017
Federal Home Loan Bank	06/29/2015	\$ 3,000,000	1.000%	12/29/2017
Federal Home Loan Bank	06/29/2015	\$ 3,000,000	1.400%	06/29/2018
Federal Home Loan Bank	06/29/2015	\$ 3,000,000	1.300%	06/29/2018
Federal Home Loan Bank	06/29/2015	\$ 3,000,000	1.200%	06/29/2018
Federal Home Loan Mortgage Corp	06/30/2015	\$ 3,000,000	1.030%	12/01/2017

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Mortgage Corp	06/05/2015	\$ 3,000,000	1.250%
Federal Home Loan Mortgage Corp	06/10/2015	\$ 3,000,000	0.850%
Federal Home Loan Mortgage Corp	06/15/2015	\$ 3,000,000	0.650%
Federal Home Loan Mortgage Corp	06/19/2015	\$ 3,000,000	1.300%
Federal Home Loan Mortgage Corp	06/26/2015	\$ 3,000,000	1.000%
Federal Home Loan Mortgage Corp	06/29/2015	\$ 3,000,000	1.200%
Federal Home Loan Mortgage Corp	06/29/2015	\$ 3,000,000	1.300%
Federal Home Loan Bank	06/30/2015	\$ 3,000,000	1.050%

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)	\$ 110,803,192.44	\$ 167,715,704.87
With maturity greater than one year (max)	\$ 110,803,192.44	\$ 129,027,150.00
With maturity greater than two year (max)	\$ 55,401,596.22	\$108,029,340.00*

*\*If held to maturity: currently, more than 25% of idle funds are invested in securities with a maturity date greater than two years. This is the result of three-year callable bonds, purchased due to their higher yield, being called early as interest rates change, thus restarting the term as these funds are reinvested.*

The investment brokers used to purchase securities for the City this month were Mischler Financial Group, and Morgan Stanley Smith Barney.

As of June 30 the City has sufficient liquid resources available to meet expenditure requirements for the next six months.




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Audrey Ramberg  
Director of Finance / Treasurer




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Sylvia Bravo Peters  
Management Analyst / Deputy Treasurer

c: Aaron Aknin, Interim City Manager

## INVESTMENT PORTFOLIO

30 JUN 2015

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)	12-20-13	3,000,000.00	12-20-16	0.720	3,000,000.00	1.354	3,002,190.00	0.23	
Federal Home Loan Mortgage Corp.	(1)	03-17-14	3,000,000.00	03-17-17	0.850	3,000,000.00	1.354	3,001,740.00	0.27	
Fed Farm Credit	(1)	04-28-15	3,000,588.00	04-21-17	0.590	3,000,000.00	1.354	2,993,700.00	0.30	
Federal Home Loan Bank	(1)	04-28-15	3,000,000.00	04-28-17	0.700	3,000,000.00	1.354	2,999,640.00	0.30	
Fed Farm Credit	(1)	06-05-15	3,000,000.00	06-05-17	0.700	3,000,000.00	1.354	2,998,680.00	0.31	
Federal Home Loan Mortgage Corp.	(1)	06-16-15	3,000,000.00	06-16-17	0.850	3,000,000.00	1.354	3,000,930.00	0.31	
Federal Home Loan Mortgage Corp.	(1)	06-16-15	3,000,000.00	06-16-17	0.850	3,000,000.00	1.354	3,000,930.00	0.31	
Federal Home Loan Mortgage Corp.	(1)	11-18-14	3,000,000.00	08-08-17	1.000	3,000,000.00	1.354	3,003,240.00	0.34	
Federal National Mortgage Assoc.	(1)	09-15-14	3,000,000.00	08-15-17	1.100	3,000,000.00	1.354	3,005,520.00	0.34	
Federal Home Loan Mortgage Corp.	(1)	02-25-15	3,000,000.00	08-25-17	1.000	3,000,000.00	1.354	3,003,660.00	0.35	
Fed Farm Credit	(1)	08-28-14	3,000,000.00	08-28-17	1.090	3,000,000.00	1.354	3,003,390.00	0.35	
Federal Home Loan Bank	(1)	12-15-14	3,000,000.00	09-15-17	1.000	3,000,000.00	1.354	3,006,480.00	0.35	
Federal Home Loan Bank	(1)	12-15-14	3,000,000.00	09-15-17	1.000	3,000,000.00	1.354	3,006,480.00	0.35	
Federal National Mortgage Assoc.	(1)	09-15-14	3,000,000.00	09-15-17	1.100	3,000,000.00	1.354	3,005,520.00	0.35	
Federal National Mortgage Assoc.	(1)	11-14-14	2,998,140.00	09-20-17	1.020	3,000,000.00	1.354	3,008,100.00	0.37	
Federal Home Loan Bank	(1)	10-30-14	3,000,000.00	10-30-17	1.250	3,000,000.00	1.354	3,009,450.00	0.38	
Fed Farm Credit	(1)	11-06-14	2,997,375.00	11-06-17	1.030	3,000,000.00	1.354	3,002,880.00	0.38	
Federal Home Loan Mortgage Corp.	(1)	11-20-14	3,000,000.00	11-20-17	1.125	3,000,000.00	1.354	2,999,790.00	0.39	
Federal Home Loan Bank	(1)	11-24-14	3,000,000.00	11-24-17	1.125	3,000,000.00	1.354	3,004,770.00	0.39	
Federal Home Loan Mortgage Corp.	(1)	05-29-15	3,000,000.00	11-27-17	1.000	3,000,000.00	1.354	2,999,760.00	0.39	
Federal National Mortgage Assoc.	(1)	11-28-14	3,000,000.00	11-27-17	1.070	3,000,000.00	1.354	3,004,200.00	0.39	
Federal Home Loan Mortgage Corp.	(1)	06-30-15	2,999,580.00	12-01-17	1.030	3,000,000.00	1.354	3,004,440.00	0.39	
Federal Home Loan Mortgage Corp.	(1)	12-12-14	3,000,000.00	12-12-17	1.250	3,000,000.00	1.354	2,999,850.00	0.39	
Federal Home Loan Bank	(1)	06-29-15	3,000,000.00	12-29-17	1.100	3,000,000.00	1.354	2,996,160.00	0.41	
Federal Home Loan Bank	(1)	06-29-15	3,000,000.00	12-29-17	1.000	3,000,000.00	1.354	3,000,600.00	0.41	
Federal National Mortgage Assoc.	(1)	02-13-15	3,000,000.00	02-13-18	1.000	3,000,000.00	1.354	2,993,190.00	0.42	
Federal Home Loan Bank	(1)	05-20-15	3,000,000.00	02-20-18	1.000	3,000,000.00	1.354	2,988,540.00	0.43	
Federal Home Loan Mortgage Corp.	(1)	02-23-15	3,000,000.00	02-20-18	1.200	3,000,000.00	1.354	2,998,890.00	0.43	
Federal Home Loan Bank	(1)	03-16-15	3,000,000.00	03-16-18	1.250	3,000,000.00	1.354	3,005,610.00	0.45	
Federal Home Loan Bank	(1)	03-23-15	3,000,000.00	03-23-18	1.275	3,000,000.00	1.354	3,008,070.00	0.45	
Federal Home Loan Bank	(1)	03-30-15	3,000,000.00	03-29-18	1.280	3,000,000.00	1.354	3,009,420.00	0.45	
Federal Home Loan Bank	(1)	04-09-15	3,000,000.00	04-09-18	1.300	3,000,000.00	1.354	3,006,450.00	0.45	
Fed Farm Credit	(1)	04-13-15	3,000,000.00	04-13-18	1.080	3,000,000.00	1.354	2,997,390.00	0.45	
Federal Home Loan Bank	(1)	04-27-15	3,000,000.00	04-27-18	1.125	3,000,000.00	1.354	2,996,250.00	0.46	
Federal Home Loan Mortgage Corp.	(1)	04-30-15	3,000,000.00	04-30-18	1.250	3,000,000.00	1.354	3,002,550.00	0.46	

I N V E S T M E N T P O R T F O L I O  
30 JUN 2015

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
Federal National Mortgage Assoc.	(1) 04-30-15	3,000,000.00	04-30-18	1.150	3,000,000.00	1.354	2,992,740.00	0.46	
Federal National Mortgage Assoc.	(1) 04-30-15	3,000,000.00	04-30-18	1.020	3,000,000.00	1.354	2,992,410.00	0.46	
Federal Home Loan Bank	(1) 05-11-15	3,000,000.00	05-11-18	1.050	3,000,000.00	1.354	2,990,520.00	0.46	
Federal Home Loan Bank	(1) 05-18-15	3,000,000.00	05-18-18	1.080	3,000,000.00	1.354	2,986,080.00	0.47	
Federal Home Loan Mortgage Corp.	(1) 05-18-15	3,000,000.00	05-18-18	1.100	3,000,000.00	1.354	2,995,500.00	0.47	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	06-29-18	1.400	3,000,000.00	1.354	3,000,930.00	0.49	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	06-29-18	1.300	3,000,000.00	1.354	3,001,770.00	0.49	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	06-29-18	1.200	3,000,000.00	1.354	2,998,740.00	0.49	
Total Securities		128,995,683.00		1.061	129,000,000.00	58.211	129,027,150.00	16.99	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.299	48,272,489.61	21.783		0.22	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.835	44,333,895.26	20.006		0.20	
Total Liquid Accounts				0.556	92,606,384.87	41.789		0.42	
SUB-TOTAL		(average weighted yield)		0.850	221,606,384.87	100.00		17.41	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.767			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN			11-07-16	1.130	1,560,938.67	10.990			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	0.04				
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				5.451	950,950.00	6.695			
2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC				0.870	733,352.00	5.163			
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.010	10,872.66	0.077			
2015 WATER REV BONDS-DELIVERY COSTS FUND-MONEY MARKET				0.020	34,972.88	0.246			
2015 WATER REV BONDS-GOOD FAITH DEPOSIT FUND				0.000	1.35				
2015 WATER REV BONDS-RESERVE FUND-MONEY MARKET				0.020	1,421,553.88	10.008			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,774.15	0.181			
RECYCLE WATER PROJECT 2007A-MMF				0.000	776.70	0.005			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	0.02				
RWC ONE MARINA 2011 RESERVE FUND				0.870	512,590.89	3.609			
RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.870	551,278.40	3.881			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.010	11,456.78	0.081			

I N V E S T M E N T P O R T F O L I O  
30 JUN 2015

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC			06-19-17	1.000	2,000,000.00	14.081			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-CD				0.030	71,864.98	0.506			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,237,583.37	15.754			
TRAFFIC IMPACT FUND-CUSIP 3130A4EJ7			03-22-16	0.310	3,000,000.00	21.121			
WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT				0.000	4.07				
WATER REVENUE REFUNDING BONDS SERIES 2013-PAYMENT ACCT				0.000	3.19				
2007 WATER REV BONDS - LAIF				0.262	970,727.01	6.834			
Total with Fiscal Agents					14,203,612.05	100.0			
TOTAL BOTH PORTFOLIOS					<u>235,809,996.92</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 JUN 2015:

\$129,000,000.00 securities

\$92,606,384.87 liquids

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\$221,606,384.87 securities & liquid = "idle funds"

\$92,606,384.87 liquids

3,002,190.00 FHLMC

3,001,740.00 FHLMC

3,000,930.00 FHLMC

3,000,930.00 FHLMC

I N V E S T M E N T P O R T F O L I O  
30 JUN 2015

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		3,003,240.00							
		3,005,520.00							
		3,003,660.00							
		3,003,390.00							
		3,006,480.00							
		3,006,480.00							
		3,005,520.00							
		3,008,100.00							
		3,009,450.00							
		3,002,880.00							
		3,004,770.00							
		3,004,200.00							
		3,004,440.00							
		3,000,600.00							
		3,005,610.00							
		3,008,070.00							
		3,009,420.00							
		3,006,450.00							
		3,002,550.00							
		3,000,930.00							
		3,001,770.00							
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		\$167,715,704.87	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)

30 JUN 2015 result:	Policy Requirements Based on Current Investments	Actual Investments
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	\$110,803,192.44	\$167,715,704.87

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

30 JUN 2015

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		2\$110,803,192.44			\$129,027,150.00				
		3 \$55,401,596.22			\$108,029,340.00				