

REPORT

To the Honorable Mayor and City Council
From the City Manager

September 19, 2006

Subject

Monthly Investment Report for Period Ending August 31, 2006

Background

The attached investment report indicates that on August 31, 2006 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$103,976,612.73 were invested producing an average yield of 3.767%. The target Fed Funds rate for August is 5.25%.

The attached investment listing represents all securities in which City funds, including all trust funds and agency funds, are invested (excluding deferred compensation plans) and indicates any security dealers that were used to invest City funds during the month.

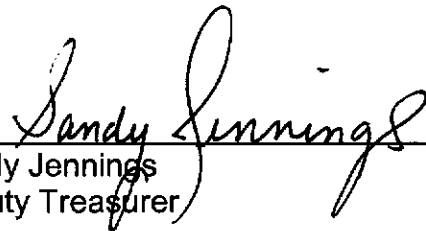
As of August 31, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.

The City's Investment Policy requires that the Council be advised each month of the number of securities maturing beyond one year. The City presently has 12 securities meeting the criteria.

All City investments are in compliance with the City's Investment Policy.



Brian J. Ponty
Director of Finance and Financial Planning



Sandy Jennings
Deputy Treasurer

cc: Edward P. Everett, City Manager

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

31 AUG 2006

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									
Federal Home Loan Bank	01-02-04	3,031,875.00	09-15-06	2.460	3,000,000.00	1.751	2,997,180.00	0.00	
Federal Home Loan Bank	11-24-03	2,998,125.00	11-24-06	2.872	3,000,000.00	1.751	2,983,140.00	0.08	
Federal Home Loan Bank	12-29-03	3,000,000.00	12-29-06	3.140	3,000,000.00	1.751	2,978,430.00	0.16	
Federal National Mortgage Assoc.	01-22-04	3,221,640.00	01-15-07	2.416	3,000,000.00	1.751	2,995,320.00	0.16	
Federal Home Loan Mortgage Corp.	02-09-04	2,995,560.00	02-09-07	2.802	3,000,000.00	1.751	2,966,190.00	0.20	
Federal Home Loan Mortgage Corp.	03-12-04	3,019,410.00	02-09-07	2.026	3,000,000.00	1.751	2,966,190.00	0.20	
Federal Home Loan Mortgage Corp.	02-03-04	2,984,700.00	02-15-07	2.550	3,000,000.00	1.751	2,959,680.00	0.20	
Federal Home Loan Mortgage Corp.	03-16-04	3,236,430.00	03-15-07	2.146	3,000,000.00	1.751	2,992,500.00	0.24	
Federal National Mortgage Assoc.	03-02-04	3,412,500.00	03-15-07	2.401	3,000,000.00	1.751	3,027,180.00	0.24	
Federal National Mortgage Assoc.	04-19-04	3,206,790.00	04-15-07	2.829	3,000,000.00	1.751	2,998,140.00	0.28	
Federal National Mortgage Assoc.	04-27-04	2,988,000.00	04-27-07	3.015	3,000,000.00	1.751	2,953,140.00	0.28	
Federal National Mortgage Assoc.	05-11-04	3,116,790.00	05-15-07	3.501	3,000,000.00	1.751	2,990,640.00	0.32	
Federal Home Loan Bank	03-21-05	2,978,940.00	08-24-07	4.106	3,000,000.00	1.751	2,957,820.00	0.44	
Federal National Mortgage Assoc.	(1) 09-07-04	3,000,000.00	09-07-07	3.601	3,000,000.00	1.751	2,964,390.00	0.48	
Federal National Mortgage Assoc.	(1) 01-04-05	2,975,625.00	01-15-08	3.535	3,000,000.00	1.751	2,925,000.00	0.64	
Federal Home Loan Bank	(1) 02-17-05	2,986,875.00	02-15-08	3.780	3,000,000.00	1.751	2,936,250.00	0.68	
Federal Home Loan Bank	(1) 07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	1.751	2,960,640.00	0.76	
Federal National Mortgage Assoc.	(1) 05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	1.751	3,042,180.00	0.80	
Federal Home Loan Mortgage Corp.	(1) 06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	1.751	2,957,610.00	0.84	06-02-06
Federal National Mortgage Assoc.	(1) 06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	1.751	2,866,890.00	0.84	
Federal Home Loan Mortgage Corp.	(1) 02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	1.751	2,917,500.00	0.96	
Federal National Mortgage Assoc.	(1) 03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	1.751	2,921,250.00	1.04	
Treasury Notes	(1) 04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	1.751	2,982,900.00	1.16	
Federal National Mortgage Assoc.	(1) 05-30-06	2,999,850.00	05-29-09	5.500	3,000,000.00	1.751	3,000,000.00	1.32	11-29-06
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	1.751	3,014,070.00	1.32	

Total Governments		76,006,166.25		3.593	75,000,000.00	43.768	74,254,230.00	13.64	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				4.946	19,627,847.79	11.454		123.00	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				4.120	2,707,724.15	1.580		16.97	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				4.120	1,836,799.90	1.072		11.51	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.120	4,804,240.89	2.804		30.11	

Total Liquid Accounts				4.680	28,976,612.73	16.910		181.59	

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

31 AUG 2006

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
SUB-TOTAL				(average weighted yield)	3.767	103,976,612.73	60.68	195.23	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				4.700	29,010.46	0.017			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC				6.190	1,544,090.67	0.901			
1998 CITY HALL COP - RESERVE FUND				0.000	2.04	0.000			
1998 CITY HALL COP - RESERVE FUND - LAIF				4.946	1,055,511.50	0.616			
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				4.700	1,916.17	0.001			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.700	11,837.43	0.007			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - US TREASURY				2.901	1,191,000.00	0.695			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				4.850	73,684.31	0.043			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				4.850	73,882.69	0.043			
1999 SEAPORT CONS. BONDS - RESERVE FUND - US TREASURY				2.901	904,985.53	0.528			
1999 SEAPORT CONS. BONDS - REV ACCT - MONEY MARKET				0.000	9.88	0.000			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				4.780	1,328,640.07	0.775			
2000A PACIFIC SHORES BONDS - I&R FUND				4.720	1,600,617.50	0.934			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				4.790	2,129,868.67	1.243			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				4.780	15,633.83	0.009			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				4.830	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				4.780	128,861.25	0.075			
2001A RWS TRANS IMPRVMT BONDS - PRINCIPAL FUND - MONEY MARKET				4.790	120,000.00	0.070			
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET				4.790	337,753.82	0.197			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				4.790	2,089.10	0.001			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				5.140	1,016,650.00	0.593			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.780	80,579.78	0.047			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				4.790	1,976,575.29	1.153			
2003A RDA TAX ALLOCATION BONDS - I&R FUND				4.700	6,726.87	0.004			
2003A RDA TAX ALLOCATION BONDS - MONEY MARKET				4.700	241,911.06	0.141			
2003B RWS TRAF IMPRV PHASE II BONDS - I&R FUND				4.790	211,240.63	0.123			
2003B RWS TRAF IMPRV PHASE II BONDS - PRINCIPAL FUND - MONEY MARK				4.790	85,000.00	0.050			
2003B RWS TRAF IMPRV PHASE II BONDS - RESERVE FUND - MONEY MARKET				4.790	455,044.16	0.266			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				4.780	644.57	0.000			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC				4.910	2,164,425.00	1.263			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				4.770	42.47	0.000			
2005A WATER REV BONDS PROJECT FUND - AEGON GIC				3.290	7,500,489.41	4.377			

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2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				4.790	5.21	0.000			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				4.790	12.71	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				4.780	77.94	0.000			
2006A WATER REV BONDS - PROJECT FUND - GIC				4.695	24,112,174.20	14.071			
2006A WATER REV BONDS - PROJECT FUND - MONEY MARKET				4.790	21,413.13	0.013			
2006A WATER REV BONDS - RESERVE FUND - GIC				4.691	1,573,906.25	0.918			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				4.850	5.56	0.000			
CAPITAL PROJECT FUND - MONEY MARKET				4.780	10,875,777.55	6.347			
PFA BONDS - HOUSING PROJECT FUND				5.200	164,191.15	0.096			
TRAFFIC IMPACT FUND - MONEY MARKET				4.780	6,344,292.17	3.702			
Total with Fiscal Agents					67,380,584.17	39.32			
TOTAL PORTFOLIO					171,357,196.90	100.00			

* 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.