

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

January 12, 2007

## Subject

Monthly Investment Report for Period Ending December 31, 2006

## Background

The attached investment report indicates that on December 31, 2006 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$114,020,046.76 were invested producing an average yield of 3.991%. The target Fed Funds rate for December 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.

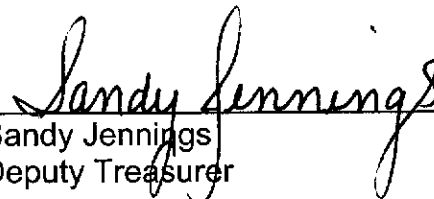
As of December 31, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.

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 14 securities meeting the criteria.

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



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Brian J. Ponty  
Director of Finance and Financial Planning



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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 DEC 2006

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
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US AGENCIES, SECURITIES, AND CORPORATE NOTES									
Federal National Mortgage Assoc.	01-22-04	3,221,640.00	01-15-07	2.416	3,000,000.00	2.631	3,000,000.00	0.00	
Federal Home Loan Mortgage Corp.	02-09-04	2,995,560.00	02-09-07	2.802	3,000,000.00	2.631	2,992,560.00	0.03	
Federal Home Loan Mortgage Corp.	03-12-04	3,019,410.00	02-09-07	2.026	3,000,000.00	2.631	2,992,560.00	0.03	
Federal Home Loan Mortgage Corp.	02-03-04	2,984,700.00	02-15-07	2.550	3,000,000.00	2.631	2,989,680.00	0.03	
Federal Home Loan Mortgage Corp.	03-16-04	3,236,430.00	03-15-07	2.146	3,000,000.00	2.631	2,998,140.00	0.05	
Federal National Mortgage Assoc.	03-02-04	3,412,500.00	03-15-07	2.401	3,000,000.00	2.631	3,011,250.00	0.05	
Federal National Mortgage Assoc.	04-19-04	3,206,790.00	04-15-07	2.829	3,000,000.00	2.631	3,000,930.00	0.08	
Federal National Mortgage Assoc.	04-27-04	2,988,000.00	04-27-07	3.015	3,000,000.00	2.631	2,978,430.00	0.08	
Federal National Mortgage Assoc.	05-11-04	3,116,790.00	05-15-07	3.501	3,000,000.00	2.631	2,997,180.00	0.11	
Federal Home Loan Bank	03-21-05	2,978,940.00	08-24-07	4.106	3,000,000.00	2.631	2,972,820.00	0.18	
Federal National Mortgage Assoc.	09-07-04	3,000,000.00	09-07-07	3.601	3,000,000.00	2.631	2,975,640.00	0.21	
Federal National Mortgage Assoc.	(1) 01-04-05	2,975,625.00	01-15-08	3.535	3,000,000.00	2.631	2,941,890.00	0.32	
Federal Home Loan Bank	(1) 02-17-05	2,986,875.00	02-15-08	3.780	3,000,000.00	2.631	2,947,500.00	0.34	
Federal Home Loan Bank	(1) 07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	2.631	2,967,180.00	0.37	
Federal National Mortgage Assoc.	(1) 05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	2.631	3,033,750.00	0.42	
Federal Home Loan Mortgage Corp.	(1) 06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	2.631	2,964,600.00	0.45	
Federal National Mortgage Assoc.	(1) 06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	2.631	2,892,180.00	0.45	
Federal Home Loan Mortgage Corp.	(1) 02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	2.631	2,930,640.00	0.53	
Federal National Mortgage Assoc.	(1) 03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	2.631	2,934,390.00	0.58	
Treasury Notes	(1) 04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.631	2,981,850.00	0.66	
Federal Home Loan Mortgage Corp.	(1) 12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.631	3,045,930.00	0.68	
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.631	3,015,930.00	0.76	
Federal Home Loan Bank	(1) 09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.631	3,019,680.00	0.84	
Fed Farm Credit	(1) 11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.631	3,000,000.00	0.89	
Federal Home Loan Mortgage Corp.	(1) 12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.631	2,984,070.00	0.89	
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Total Governments		76,066,853.25		3.816	75,000,000.00	65.778	74,568,780.00	9.02	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				5.129	14,716,189.28	12.907		0.13	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				4.260	16,958,018.05	14.873		0.15	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				4.260	1,854,852.70	1.627		0.02	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.260	5,490,986.73	4.816		0.05	
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Total Liquid Accounts				4.588	39,020,046.76	34.222		0.34	

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

31 DEC 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)		100.00	114,020,046.76	9.37	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				4.740	1,096,033.46	2.059			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC				6.190	1,544,107.96	2.901			
1998 CITY HALL COP - RESERVE FUND				0.000	0.19	0.000			
1998 CITY HALL COP - RESERVE FUND - LAIF				5.129	1,042,598.72	1.959			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				4.730	465.09	0.001			
1998 LEASE REVENUE REFUNDING - RESERVE ACCOUNT				4.280	1,185,187.50	2.226			
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				4.730	1,946.35	0.004			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.740	26,965.94	0.051			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				4.770	314.15	0.001			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				4.660	5,252.65	0.010			
1999 SEAPORT CONS. BONDS - REV ACCT - MONEY MARKET				0.000	0.05	0.000			
1999 SEAPORT CONS BONDS RESERVE FUND TREASURY				4.970	944,406.25	1.774			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				4.850	335,410.72	0.630			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				4.850	1,014,692.50	1.906			
2000A PACIFIC SHORES BONDS - I&R FUND				4.850	464.04	0.001			
2000A PACIFIC SHORES BONDS - REBATE FUND				4.840	54,500.09	0.102			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				4.840	39,582.31	0.074			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				4.840	15,886.42	0.030			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY				4.590	2,056,289.46	3.863			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				4.830	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				4.870	17.45	0.000			
2001A RWS TRANS IMPRVMT BONDS - PRINCIPAL FUND - MONEY MARKET				4.860	16.02	0.000			
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET				4.840	343,210.15	0.645			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				4.850	2,122.66	0.004			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				5.100	1,016,650.00	1.910			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.840	107,662.93	0.202			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				4.840	1,649,036.16	3.098			
2003A RDA TAX ALLOCATION BONDS - I&R FUND				4.740	6,833.61	0.013			
2003A RDA TAX ALLOCATION BONDS - MONEY MARKET				4.740	245,749.47	0.462			
2003B RWS TRAF IMPRV PHASE II BONDS - I&R FUND				4.850	28.64	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - PRINCIPAL FUND - MONEY MARK				4.880	11.25	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - RESERVE FUND - MONEY MARKET				4.850	460,788.00	0.866			

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2005A WATER REV BONDS - INCOME AND PRINCIPAL				4.850	654.96	0.001			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC				4.911	2,164,425.00	4.066			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				4.850	50.51	0.000			
2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				4.840	401,453.83	0.754			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				0.000	0.00	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				4.850	79.15	0.000			
2006A WATER REV BONDS - PROJECT FUND - GIC				4.695	22,530,386.34	42.324			
2006A WATER REV BONDS - PROJECT FUND - MONEY MARKET				4.840	339.41	0.001			
2006A WATER REV BONDS - RESERVE FUND - GIC				4.691	1,573,906.25	2.957			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				4.850	5.56	0.000			
CAPITAL PROJECT FUND - MONEY MARKET				4.850	6,918,576.48	12.997			
TRAFFIC IMPACT FUND - MONEY MARKET				4.850	6,446,826.99	12.111			
Total with Fiscal Agents					53,232,938.81	100.0			
TOTAL BOTH PORTFOLIOS					<u>167,252,985.57</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.