

REPORT

To the Honorable Mayor and City Council
From the City Manager

September 21, 2007

Subject

Monthly Investment Report for Period Ending August 31, 2007

Background

The attached investment report indicates that on August 31, 2007 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$104,334,256.87 were invested producing an average yield of 4.765%. 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 17 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

INVESTMENT PORTFOLIO

31 AUG 2007

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 National Mortgage Assoc.	09-07-04	3,000,000.00	09-07-07	3.601	3,000,000.00	2.875	3,000,000.00	0.00	
Federal National Mortgage Assoc.	04-04-07	1,463,250.00	09-26-07	5.238	1,500,000.00	1.438	1,495,500.00	0.00	
Federal Home Loan Bank	04-04-07	1,461,855.83	10-03-07	5.233	1,500,000.00	1.438	1,494,150.00	0.01	
Treasury Notes	01-17-07	2,981,550.00	10-31-07	5.051	3,000,000.00	2.875	3,001,890.00	0.06	
Federal National Mortgage Assoc.	02-22-07	2,893,950.83	11-02-07	5.248	3,000,000.00	2.875	2,976,300.00	0.06	
Federal National Mortgage Assoc.	01-04-05	2,975,625.00	01-15-08	3.535	3,000,000.00	2.875	2,975,640.00	0.12	
Federal Home Loan Bank	05-02-07	985,840.00	02-15-08	5.229	1,000,000.00	0.958	991,560.00	0.05	
Federal Home Loan Bank	02-17-05	2,986,875.00	02-15-08	3.780	3,000,000.00	2.875	2,977,500.00	0.14	
Federal Home Loan Bank	07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	2.875	2,983,140.00	0.17	
Federal National Mortgage Assoc.	05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	2.875	3,017,820.00	0.23	
Federal Home Loan Mortgage Corp.	06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	2.875	2,983,230.00	0.26	
Federal National Mortgage Assoc.	06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	2.875	2,941,890.00	0.26	
Federal Home Loan Mortgage Corp.	08-28-07	2,285,820.00	08-04-08	4.940	2,295,000.00	2.200	2,284,947.90	0.24	
Federal Home Loan Bank	05-02-07	3,004,320.00	08-08-08	4.999	3,000,000.00	2.875	3,003,750.00	0.32	
Federal Home Loan Mortgage Corp.	(1) 02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	2.875	2,961,570.00	0.35	
Federal National Mortgage Assoc.	(1) 03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	2.875	2,964,390.00	0.40	
Treasury Notes	(1) 04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.875	3,011,730.00	0.49	
Federal Home Loan Mortgage Corp.	(1) 12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.875	3,038,430.00	0.52	
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.875	3,020,640.00	0.60	
Federal Home Loan Bank	(1) 01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.875	3,030,930.00	0.63	
Federal Home Loan Bank	(1) 05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.875	2,945,640.00	0.66	
Federal Home Loan Bank	(1) 09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.875	3,029,070.00	0.69	
Federal Home Loan Mortgage Corp.	(1) 08-28-07	1,367,803.86	09-22-09	4.783	1,389,000.00	1.331	1,369,345.65	0.33	
Fed Farm Credit	(1) 11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.875	3,015,930.00	0.75	
Federal Home Loan Mortgage Corp.	(1) 12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.875	3,000,930.00	0.75	
Treasury Notes	(1) 01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.875	2,962,980.00	0.81	
Federal National Mortgage Assoc.	(1) 02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.875	2,943,750.00	0.83	
Federal Home Loan Bank	(1) 03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.875	3,018,750.00	0.86	
Federal Home Loan Bank	(1) 05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.875	3,011,250.00	0.92	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.875	3,040,320.00	0.95	
Federal Home Loan Bank	(1) 08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.917	1,968,120.00	0.67	

Total Governments		84,104,712.02		4.666	84,684,000.00	81.166	84,461,093.55	13.13	
LIQUID ACCOUNTS									

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

31 AUG 2007

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				5.253	13,131,140.86	12.586		0.13	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				4.620	391,278.48	0.375		0.00	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				4.620	1,917,435.81	1.838		0.02	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.620	4,210,401.72	4.035		0.04	
Total Liquid Accounts				5.043	19,650,256.87	18.834		0.19	
SUB-TOTAL				(average weighted yield)	4.765	104,334,256.87	100.00	13.31	

CASH AND INVESTMENTS WITH FISCAL AGENTS

1997 TAX ALLOC REFUNDING BONDS - I&R FUND				4.740	50,444.82	0.097			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC			07-15-11	6.190	1,543,000.00	2.975			
1998 CITY HALL COP - RESERVE FUND - LAIF				5.253	1,056,220.01	2.037			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				4.790	479.84	0.001			
1998 CITY HALL COP-BASE RENTAL PAYMENT FUND				4.760	7.42	0.000			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	4.240	1,185,187.50	2.285			
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				4.770	1,804.22	0.003			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.740	53,124.83	0.102			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				4.620	51,829.42	0.100			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				4.650	1,461.48	0.003			
1999 SEAPORT CONS. BONDS - REV ACCT - MONEY MARKET				0.000	892,772.53	1.721			
1999 SEAPORT CONS BONDS RESERVE FUND TREASURY			07-31-08	4.980	944,406.25	1.821			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				3.950	346,215.38	0.668			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				3.940	1,047,386.10	2.020			
2000A PACIFIC SHORES BONDS - I&R FUND				3.940	1,624,180.30	3.132			
2000A PACIFIC SHORES BONDS - REBATE FUND				3.940	56,256.02	0.108			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				4.550	88,832.81	0.171			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				3.940	16,398.33	0.032			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY			10-31-11	3.950	2,056,289.46	3.965			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				4.830	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				3.950	251,145.30	0.484			
2001A RWS TRANS IMPRVMT BONDS - PRINCIPAL FUND - MONEY MARKET				3.970	16.35	0.000			
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET				3.940	354,268.42	0.683			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				3.940	1,995.99	0.004			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			10-15-08	5.120	1,016,650.00	1.960			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				3.940	77,408.64	0.149			

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2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				3.950	806,641.95	1.555			
2003A RDA TAX ALLOCATION BONDS - I&R FUND				7.390	13.54	0.000			
2003A RDA TAX ALLOCATION BONDS - MONEY MARKET				0.000	0.94	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - I&R FUND				3.940	299,955.00	0.578			
2003B RWS TRAF IMPRV PHASE II BONDS - PRINCIPAL FUND - MONEY MARK				4.690	11.29	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - RESERVE FUND - MONEY MARKET				3.940	475,634.74	0.917			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				3.940	838.24	0.002			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC			02-01-34	4.911	2,164,425.00	4.173			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				3.950	53,189.83	0.103			
2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				3.940	414,387.10	0.799			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				0.000	0.00	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				3.950	635.90	0.001			
2006A WATER REV BONDS - PROJECT FUND - GIC			03-01-08	4.695	7,681,310.96	14.811			
2006A WATER REV BONDS - PROJECT FUND - MONEY MARKET				4.840	0.00	0.000			
2006A WATER REV BONDS - RESERVE FUND - GIC			02-01-35	4.691	1,573,906.25	3.035			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				3.950	36,530.12	0.070			
CAPITAL PROJECT FUND - MONEY MARKET				3.950	4,002,305.30	7.717			
RECYCLED WATER 2007 - RESERVE FUND			02-01-35	5.450	950,950.00	1.834			
RECYCLED WATER 2007 DELIVERY OF COSTS FUND				3.950	88,766.79	0.171			
RECYCLED WATER 2007 RESERVE FUND				3.950	7,775.12	0.015			
RECYCLED WATER PROJ 2007A PROJECT FUND				3.940	38,006.68	0.073			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.950	13,926,258.54	26.852			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT				3.940	134.45	0.000			
TRAFFIC IMPACT FUND - MONEY MARKET				3.950	6,623,612.85	12.771			
Total with Fiscal Agents					51,863,076.15	100.0			
TOTAL BOTH PORTFOLIOS					<u>156,197,333.02</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.

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31 AUG 2007

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(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 AUG 2007:

\$84,684,000.00 securities

\$19,650,256.87 liquids

\$104,334,256.87 securities & liquid = "idle funds"

\$19,650,256.87 liquids

3,000,000.00 FNMA

3,001,890.00 TN

3,017,820.00 FNMA

3,003,750.00 FHLB

3,011,730.00 TN

3,038,430.00 FHLMC

3,020,640.00 FHLB

3,030,930.00 FHLB

3,029,070.00 FHLB

3,015,930.00 FFC

3,000,930.00 FHLMC

3,018,750.00 FHLB

3,011,250.00 FHLB

3,040,320.00 FHLB

\$61,891,696.87 Total investments that can be sold at face value in emergency

The following shows 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)

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31 AUG 2007

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
31 AUG 2007 result:	Policy Requirements Based on Current Investments		Actual Investments						
	1	\$52,167,128.44							
	2	\$52,167,128.44							
	3	\$26,083,564.22							