

REPORT

To the Honorable Mayor and City Council
From the City Manager

January 11, 2008

Subject

Monthly Investment Report for Period Ending December 31, 2007

Background

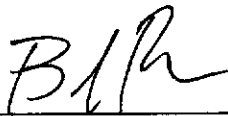
The attached investment report indicates that on December 31, 2007 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$125,454,729.51 were invested producing an average yield of 4.688%. The target Fed Funds rate for December is 4.25%.

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.

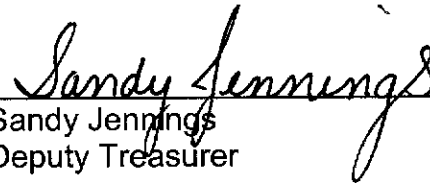
As of December 31, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.

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 19 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: Peter Ingram, Interim City Manager

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

31 DEC 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.	01-04-05	2,975,625.00	01-15-08	3.535	3,000,000.00	2.391	2,998,140.00	0.00	
Federal Home Loan Bank	05-02-07	985,840.00	02-15-08	5.229	1,000,000.00	0.797	998,440.00	0.01	
Federal Home Loan Bank	02-17-05	2,986,875.00	02-15-08	3.780	3,000,000.00	2.391	2,996,250.00	0.02	
Federal Home Loan Bank	07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	2.391	2,997,180.00	0.05	
Federal National Mortgage Assoc.	05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	2.391	3,015,000.00	0.10	
Federal Home Loan Mortgage Corp.	06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	2.391	2,993,730.00	0.12	
Federal National Mortgage Assoc.	06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	2.391	2,973,750.00	0.12	
Federal Home Loan Mortgage Corp.	08-28-07	2,285,820.00	08-04-08	4.940	2,295,000.00	1.829	2,296,881.90	0.13	
Federal Home Loan Bank	05-02-07	3,004,320.00	08-08-08	4.999	3,000,000.00	2.391	3,014,070.00	0.17	
Federal Home Loan Mortgage Corp.	02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	2.391	2,986,890.00	0.19	
Federal National Mortgage Assoc.	03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	2.391	2,992,500.00	0.24	
Treasury Notes	(1) 04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.391	3,045,240.00	0.31	
Federal Home Loan Mortgage Corp.	(1) 12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.391	3,065,640.00	0.33	
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.391	3,065,640.00	0.41	
Federal Home Loan Bank	(1) 01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.391	3,078,750.00	0.43	
Federal Home Loan Bank	(1) 05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.391	3,007,500.00	0.45	
Federal Home Loan Bank	(1) 09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.391	3,075,000.00	0.48	
Federal Home Loan Mortgage Corp.	(1) 08-28-07	1,367,803.86	09-22-09	4.783	1,389,000.00	1.107	1,398,306.30	0.23	
Fed Farm Credit	(1) 11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.391	3,074,070.00	0.53	
Federal Home Loan Mortgage Corp.	(1) 12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.391	3,061,890.00	0.53	
Federal Home Loan Bank	(1) 12-03-07	3,000,000.00	12-03-09	4.250	3,000,000.00	2.391	3,008,430.00	0.55	12-03-08
Treasury Notes	(1) 01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.391	3,034,680.00	0.57	
Federal National Mortgage Assoc.	(1) 02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.391	3,019,680.00	0.60	
Federal Home Loan Bank	(1) 03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.391	3,089,070.00	0.62	
Federal Home Loan Bank	(1) 11-05-07	3,000,000.00	05-05-10	4.640	3,000,000.00	2.391	3,006,570.00	0.67	08-05-08
Federal Home Loan Bank	(1) 05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.391	3,086,250.00	0.67	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.391	3,114,390.00	0.69	
Federal Home Loan Bank	(1) 08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.594	2,025,000.00	0.49	
Federal Home Loan Bank	(1) 09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.391	3,115,320.00	0.77	
Federal Home Loan Bank	(1) 10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.594	2,040,000.00	0.54	

Total Governments		83,343,555.36		4.640	83,684,000.00	66.705	84,674,258.20	11.02	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				4.801	32,714,127.20	26.076		0.26	

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

31 DEC 2007

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				4.540	4,193,408.90	3.343		0.03	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				4.540	1,939,756.13	1.546		0.02	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.540	2,923,437.28	2.330		0.02	
Total Liquid Accounts				4.744	41,770,729.51	33.295		0.33	
SUB-TOTAL				4.688	125,454,729.51	100.00		11.35	

CASH AND INVESTMENTS WITH FISCAL AGENTS

1997 TAX ALLOC REFUNDING BONDS - I&R FUND				3.930	1,353,757.55	2.864			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC			07-15-11	6.190	1,543,000.00	3.264			
1998 CITY HALL COP - RESERVE FUND - LAIF				4.801	1,043,103.43	2.207			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				3.900	486.94	0.001			
1998 CITY HALL COP-BASE RENTAL PAYMENT FUND				3.930	27,000.03	0.057			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	4.110	1,185,187.50	2.507			
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				3.930	1,830.68	0.004			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				3.930	53,910.89	0.114			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				3.200	52,528.78	0.111			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				3.170	1,484.10	0.003			
1999 SEAPORT CONS. BONDS - REV ACCT - MONEY MARKET				0.000	0.06	0.000			
1999 SEAPORT CONS BONDS RESERVE FUND TREASURY			07-31-08	4.960	944,406.25	1.998			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				3.140	350,987.52	0.743			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				3.140	1,055,074.82	2.232			
2000A PACIFIC SHORES BONDS - I&R FUND				3.140	64,464.64	0.136			
2000A PACIFIC SHORES BONDS - REBATE FUND				3.130	57,031.58	0.121			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				3.140	74,100.58	0.157			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				3.140	16,624.41	0.035			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY			10-31-11	4.410	2,056,289.46	4.350			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				3.140	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				3.130	148.16	0.000			
2001A RWS TRANS IMPRVMT BONDS - PRINCIPAL FUND - MONEY MARKET				0.000	0.05	0.000			
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET				3.140	359,152.47	0.760			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				3.130	2,023.29	0.004			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			10-15-08	5.080	1,016,650.00	2.151			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				3.130	104,228.04	0.220			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				3.140	459,877.96	0.973			

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2003A RDA TAX ALLOCATION BONDS - I&R FUND				7.280	13.74	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				3.140	177.26	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - PRINCIPAL FUND - MONEY MARK				0.000	0.00	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - RESERVE FUND - MONEY MARKET				3.140	482,192.01	1.020			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				3.130	849.70	0.002			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC			02-01-34	4.911	2,164,425.00	4.579			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				3.140	53,923.18	0.114			
2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				3.140	420,099.92	0.889			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				0.000	0.00	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				3.130	644.60	0.001			
2006A WATER REV BONDS - PROJECT FUND - GIC			03-01-08	4.695	6,466,059.00	13.679			
2006A WATER REV BONDS - PROJECT FUND - MONEY MARKET				4.150	0.00	0.000			
2006A WATER REV BONDS - RESERVE FUND - GIC			02-01-35	4.691	1,573,906.25	3.330			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				3.130	37,033.80	0.078			
CAPITAL PROJECT FUND - MONEY MARKET				3.140	2,309,071.82	4.885			
RECYCLED WATER 2007 - RESERVE FUND			02-01-35	5.450	950,950.00	2.012			
RECYCLED WATER 2007 DELIVERY OF COSTS FUND				3.950	0.00	0.000			
RECYCLED WATER 2007 RESERVE FUND				3.140	7,882.34	0.017			
RECYCLED WATER PROJ 2007A PROJECT FUND				3.130	38,530.67	0.082			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.940	14,157,465.11	29.950			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT				3.130	90,125.63	0.191			
TRAFFIC IMPACT FUND - MONEY MARKET				3.130	6,694,236.44	14.161			
Total with Fiscal Agents					47,270,940.74	100.0			
TOTAL BOTH PORTFOLIOS					<u>172,725,670.25</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.

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Investment Policy - Maturity of Investments Guidelines

As of 31 DEC 2007:

\$83,684,000.00 securities

\$41,770,729.51 liquids

 \$125,454,729.51 securities & liquid = "idle funds"

\$41,770,729.51 liquids

- 3,015,000.00 FNMA
- 2,296,881.90 FHLMC
- 3,014,070.00 FHLB
- 3,045,240.00 TN
- 3,065,640.00 FHLMC
- 3,065,640.00 FHLB
- 3,078,750.00 FHLB
- 3,007,500.00 FHLB
- 3,075,000.00 FHLB
- 1,398,306.30 FHLMC
- 3,074,070.00 FFC
- 3,061,890.00 FHLMC
- 3,008,430.00 FHLB
- 3,034,680.00 TN
- 3,019,680.00 FNMA
- 3,089,070.00 FHLB
- 3,006,570.00 FHLB
- 3,086,250.00 FHLB
- 3,114,390.00 FHLB
- 2,025,000.00 FHLB
- 3,115,320.00 FHLB
- 2,040,000.00 FHLB

 \$104,508,107.71 Total investments that can be sold at face value in emergency

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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)

31 DEC 2007 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$62,727,364.76	\$104,508,107.71
	2 \$62,727,364.76	\$54,411,426.30
	3 \$31,363,682.38	\$25,530,960.00