

REPORT

To the Honorable Mayor and City Council
From the City Manager

March 12, 2008

Subject

Monthly Investment Report for Period Ending February 29, 2008

Background

The attached investment report indicates that on February 29, 2008 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$118,311,071.81 were invested producing an average yield of 4.526%. The target Fed Funds rate for February is 3.0%.

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 February 29, 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

29 FEB 2008

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	07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	2.536	3,002,820.00	0.00	
Federal National Mortgage Assoc.	05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	2.536	3,018,750.00	0.05	
Federal Home Loan Mortgage Corp.	06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	2.536	3,011,400.00	0.08	
Federal National Mortgage Assoc.	06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	2.536	2,997,180.00	0.08	
Federal Home Loan Mortgage Corp.	08-28-07	2,285,820.00	08-04-08	4.940	2,295,000.00	1.940	2,311,684.65	0.10	
Federal Home Loan Bank	05-02-07	3,004,320.00	08-08-08	4.999	3,000,000.00	2.536	3,030,930.00	0.13	
Federal Home Loan Mortgage Corp.	02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	2.536	3,016,890.00	0.15	
Federal National Mortgage Assoc.	03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	2.536	3,028,140.00	0.20	
Treasury Notes	04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.536	3,078,750.00	0.28	
Federal Home Loan Mortgage Corp.	(1) 12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.536	3,104,070.00	0.30	
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.536	3,110,640.00	0.38	
Federal Home Loan Bank	(1) 01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.536	3,124,680.00	0.41	
Federal Home Loan Bank	(1) 05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.536	3,064,680.00	0.43	
Federal Home Loan Bank	(1) 09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.536	3,128,430.00	0.46	
Federal Home Loan Mortgage Corp.	(1) 08-28-07	1,367,803.86	09-22-09	4.783	1,389,000.00	1.174	1,425,572.37	0.22	
Fed Farm Credit	(1) 11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.536	3,131,250.00	0.51	
Federal Home Loan Mortgage Corp.	(1) 12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.536	3,120,000.00	0.51	
Federal Home Loan Bank	(1) 12-03-07	3,000,000.00	12-03-09	4.250	3,000,000.00	2.536	3,039,390.00	0.53	12-03-08
Treasury Notes	(1) 01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.536	3,110,400.00	0.56	
Federal National Mortgage Assoc.	(1) 02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.536	3,088,140.00	0.58	
Federal Home Loan Bank	(1) 03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.536	3,154,680.00	0.61	
Federal Home Loan Bank	(1) 11-05-07	3,000,000.00	05-05-10	4.640	3,000,000.00	2.536	3,022,500.00	0.66	08-05-08
Federal Home Loan Bank	(1) 05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.536	3,155,640.00	0.66	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.536	3,183,750.00	0.68	
Fed Farm Credit	(1) 01-28-08	3,000,000.00	07-28-10	3.870	3,000,000.00	2.536	3,005,640.00	0.74	04-28-08
Federal Home Loan Bank	(1) 08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.690	2,075,620.00	0.49	
Federal Home Loan Bank	(1) 09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.536	3,187,500.00	0.76	
Federal Home Loan Bank	(1) 10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.690	2,089,380.00	0.54	

Total Governments		79,395,215.36		4.680	79,684,000.00	67.351	81,818,507.02	11.09	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				4.161	25,155,475.17	21.262		0.21	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				4.190	8,524,890.22	7.205		0.07	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				4.190	1,961,827.16	1.658		0.02	

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

29 FEB 2008

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.190	2,984,879.26	2.523		0.03	
Total Liquid Accounts				4.171	38,627,071.81	32.649		0.33	
SUB-TOTAL (average weighted yield)				4.526	118,311,071.81	100.00		11.41	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				2.700	1,371,579.40	2.975			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC				07-15-11	6.190	1,543,000.00	3.347		
1998 CITY HALL COP - RESERVE FUND - LAIF				4.161	1,056,320.08	2.291			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				2.650	489.92	0.001			
1998 CITY HALL COP-BASE RENTAL PAYMENT FUND				0.000	13.96	0.000			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY				01-15-11	3.980	1,185,187.50	2.570		
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				3.410	58.70	0.000			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				2.700	40,452.63	0.088			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				1.420	52,800.91	0.115			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				1.420	24,992.56	0.054			
1999 SEAPORT CONS. BONDS - REV ACCT - MONEY MARKET				0.000	0.06	0.000			
1999 SEAPORT CONS BONDS RESERVE FUND TREASURY				07-31-08	4.940	944,406.25	2.048		
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				2.350	352,837.70	0.765			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				2.340	1,060,637.14	2.300			
2000A PACIFIC SHORES BONDS - I&R FUND				2.350	372,723.76	0.808			
2000A PACIFIC SHORES BONDS - REBATE FUND				2.350	57,332.24	0.124			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				2.340	74,491.24	0.162			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				2.340	16,712.06	0.036			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY				10-31-11	4.240	2,056,289.46	4.460		
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				2.340	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				2.340	123,317.50	0.267			
2001A RWS TRANS IMPRVMT BONDS - PRINCIPAL FUND - MONEY MARKET				0.000	0.05	0.000			
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET				2.410	361,045.92	0.783			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				2.340	170.85	0.000			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				10-15-08	5.034	1,016,650.00	2.205		
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				2.350	77,571.73	0.168			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				2.350	314,361.62	0.682			
2003A RDA TAX ALLOCATION BONDS - I&R FUND				0.000	327,834.39	0.711			
2003A RDA TAX ALLOCATION BONDS - MONEY MARKET				0.000	0.00	0.000			

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2003B RWS TRAF IMPRV PHASE II BONDS - I&R FUND				2.350	208,390.63	0.452			
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				2.340	484,734.09	1.051			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				2.340	190.38	0.000			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC			02-01-34	4.911	2,164,425.00	4.694			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				2.340	54,032.09	0.117			
2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				2.340	422,314.65	0.916			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				0.000	0.00	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				3.240	137.76	0.000			
2006A WATER REV BONDS - PROJECT FUND - GIC			03-01-08	4.695	4,714,265.44	10.224			
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	3.414			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				2.350	37,526.36	0.081			
CAPITAL PROJECT FUND - MONEY MARKET				2.350	2,017,529.31	4.376			
RECYCLED WATER 2007 - RESERVE FUND			02-01-35	5.450	950,950.00	2.062			
RECYCLED WATER 2007 DELIVERY OF COSTS FUND				0.000	0.00	0.000			
RECYCLED WATER 2007 RESERVE FUND				2.340	26,232.95	0.057			
RECYCLED WATER PROJ 2007A PROJECT FUND				2.340	38,733.81	0.084			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.950	14,274,504.29	30.959			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT				2.350	562.38	0.001			
TRAFFIC IMPACT FUND - MONEY MARKET				2.340	6,708,015.00	14.549			

Total with Fiscal Agents					46,107,732.16	100.0			
TOTAL BOTH PORTFOLIOS					<u>164,418,803.97</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 29 FEB 2008:

\$79,684,000.00 securities

\$38,627,071.81 liquids

\$118,311,071.81 securities & liquid = "idle funds"

\$38,627,071.81 Liquids

3,002,820.00 FHLB

3,018,750.00 FNMA

3,011,400.00 FHLMC

2,311,684.65 FHLMC

3,030,930.00 FHLB

3,016,890.00 FHLMC

3,028,140.00 FNMA

3,078,750.00 TN

3,104,070.00 FHLMC

3,110,640.00 FHLB

3,124,680.00 FHLB

3,064,680.00 FHLB

3,128,430.00 FHLB

1,425,572.37 FHLMC

3,131,250.00 FFC

3,120,000.00 FHLMC

3,039,390.00 FHLB

3,110,400.00 TN

3,088,140.00 FNMA

3,154,680.00 FHLB

3,022,500.00 FHLB

3,155,640.00 FHLB

3,183,750.00 FHLB

3,005,640.00 FFC

2,075,620.00 FHLB

3,187,500.00 FHLB

2,089,380.00 FHLB

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 \$117,448,398.83 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)

29 FEB 2008 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$59,155,535.91	\$117,448,398.83
	2 \$59,155,535.91	\$55,321,962.37
	3 \$29,577,767.95	\$22,874,710.00