

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

November 20, 2015

## Subject

Monthly Investment Report for Period Ending October 31, 2015.

## Background

The attached investment report indicates that on October 31, 2015 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$198,607,637.40 were invested producing an average yield of 0.870%. The target Fed Funds rate for October is 0.25%. The report represents all securities in which City funds, including all trust funds and agency funds, are invested (excluding deferred compensation plans). All of these investments are in compliance with the City policy, with the exception noted below.

Securities purchased in the month of October:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Mortgage Corp	10/19/2015	\$ 3,000,000.00	1.000%	01/19/2018
Federal Home Loan Mortgage Corp	10/27/2015	\$ 3,000,000.00	0.750%	10/27/2017
Federal Home Loan Mortgage Corp	10/30/2015	\$ 3,000,000.00	0.850%	01/26/2018
Federal Home Loan Mortgage Corp	10/30/2015	\$ 3,000,000.00	0.720%	10/27/2017

Securities matured, called, or sold in the month of October:

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Bank	10/09/2015	\$ 3,000,000.00	1.300%
Federal Home Loan Bank	10/28/2015	\$ 3,000,000.00	0.700%
Fannie Mae	10/30/2015	\$ 3,000,000.00	1.020%
Fannie Mae	10/30/2015	\$ 3,000,000.00	1.150%
Federal Home Loan Mortgage Corp	10/30/2015	\$ 3,000,000.00	1.125%
Federal Home Loan Bank	10/30/2015	\$ 3,000,000.00	1.250%

The City's investment policy requires that approximately 50% of idle funds be placed in liquid investments (i.e., investments that can be sold for face value in the open market if needed), not more than 50% of idle funds be invested for more than one year, and not more than 25% of idle funds be invested for more than two years. Based on the City's current investments:

Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$ 99,303,818.70	\$ 174,760,007.40
With maturity greater than one year (max)	\$ 99,303,818.70	\$ 114,105,000.00*
With maturity greater than two year (max)	\$ 49,651,909.35	\$ 78,096,450.00*

*\*If held to maturity: currently, more than 50% of idle funds are invested in securities with a maturity date greater than one year and more than 25% of idle funds are invested in securities with a maturity date greater than two years. This is the result of three-year callable bonds, purchased due to their higher yield, being called early as interest rates change, thus restarting the term as these funds are reinvested.*

The investment brokers used to purchase securities for the City this month were Mischler Financial Group, and Morgan Stanley Smith Barney.

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



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Audrey Ramberg  
Director of Finance / Treasurer



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Sylvia Bravo Peters  
Management Analyst / Deputy Treasurer

c: Melissa Stevenson Diaz, City Manager

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

31 OCT 2015

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$) (2)	Average MATURITY (Months)	NEXT CALL DATE
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US AGENCIES, SECURITIES, AND CORPORATE NOTES									
Federal Home Loan Mortgage Corp.	11-18-14	3,000,000.00	11-18-15	1.000	3,000,000.00	1.511	3,000,870.00	0.00	
Federal Home Loan Mortgage Corp.	02-23-15	3,000,000.00	11-20-15	1.200	3,000,000.00	1.511	3,001,080.00	0.00	
Federal Home Loan Bank	11-24-14	3,000,000.00	11-24-15	1.125	3,000,000.00	1.511	3,001,380.00	0.00	
Federal National Mortgage Assoc.	11-28-14	3,000,000.00	11-27-15	1.070	3,000,000.00	1.511	3,001,770.00	0.00	
Fed Farm Credit	(1) 04-28-15	3,000,588.00	04-21-17	0.590	3,000,000.00	1.511	2,993,190.00	0.26	
Fed Farm Credit	(1) 06-05-15	3,000,000.00	06-05-17	0.700	3,000,000.00	1.511	2,997,090.00	0.29	
Federal Home Loan Mortgage Corp.	(1) 06-16-15	3,000,000.00	06-16-17	0.850	3,000,000.00	1.511	3,002,850.00	0.29	
Federal Home Loan Mortgage Corp.	(1) 06-16-15	3,000,000.00	06-16-17	0.850	3,000,000.00	1.511	3,002,850.00	0.29	
Fed Farm Credit	(1) 09-01-15	3,000,000.00	08-18-17	0.809	3,000,000.00	1.511	3,000,660.00	0.32	
Federal Home Loan Bank	(1) 12-15-14	3,000,000.00	09-15-17	1.000	3,000,000.00	1.511	3,002,400.00	0.33	
Federal Home Loan Bank	(1) 12-15-14	3,000,000.00	09-15-17	1.000	3,000,000.00	1.511	3,002,400.00	0.33	
Federal National Mortgage Assoc.	(1) 11-14-14	2,998,140.00	09-20-17	1.020	3,000,000.00	1.511	3,009,810.00	0.35	
Fed Farm Credit	(1) 09-28-15	3,000,000.00	09-28-17	0.810	3,000,000.00	1.511	3,002,460.00	0.35	
Federal Home Loan Mortgage Corp.	(1) 09-29-15	3,000,000.00	09-29-17	1.000	3,000,000.00	1.511	3,002,220.00	0.35	
Federal Home Loan Mortgage Corp.	(1) 10-27-15	3,000,000.00	10-27-17	0.750	3,000,000.00	1.511	2,996,040.00	0.36	
Federal Home Loan Mortgage Corp.	(1) 10-30-15	3,000,000.00	10-27-17	0.720	3,000,000.00	1.511	2,996,580.00	0.36	
Fed Farm Credit	(1) 11-06-14	2,997,375.00	11-06-17	1.030	3,000,000.00	1.511	3,002,610.00	0.36	
Federal Home Loan Mortgage Corp.	(1) 05-29-15	3,000,000.00	11-27-17	1.000	3,000,000.00	1.511	3,006,810.00	0.38	
Federal Home Loan Mortgage Corp.	(1) 06-30-15	2,999,580.00	12-01-17	1.030	3,000,000.00	1.511	3,009,420.00	0.38	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	12-29-17	1.100	3,000,000.00	1.511	3,006,420.00	0.39	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	12-29-17	1.000	3,000,000.00	1.511	3,008,190.00	0.39	
Federal Home Loan Mortgage Corp.	(1) 09-23-15	2,996,550.00	01-12-18	0.800	3,000,000.00	1.511	2,991,660.00	0.39	
Federal Home Loan Mortgage Corp.	(1) 10-19-15	3,000,000.00	01-19-18	1.000	3,000,000.00	1.511	3,001,350.00	0.41	
Federal Home Loan Mortgage Corp.	(1) 10-30-15	3,000,000.00	01-26-18	0.850	3,000,000.00	1.511	2,995,320.00	0.41	
Federal National Mortgage Assoc.	(1) 02-13-15	3,000,000.00	02-13-18	1.000	3,000,000.00	1.511	3,003,240.00	0.41	
Federal Home Loan Bank	(1) 05-20-15	3,000,000.00	02-20-18	1.000	3,000,000.00	1.511	3,000,240.00	0.42	
Federal Home Loan Mortgage Corp.	(1) 08-31-15	3,000,000.00	02-26-18	1.000	3,000,000.00	1.511	3,004,440.00	0.42	
Federal Home Loan Mortgage Corp.	(1) 09-09-15	2,996,304.90	03-07-18	0.925	3,000,000.00	1.511	2,996,190.00	0.42	
Federal Home Loan Bank	(1) 03-16-15	3,000,000.00	03-16-18	1.250	3,000,000.00	1.511	3,006,810.00	0.42	
Federal Home Loan Bank	(1) 03-23-15	3,000,000.00	03-23-18	1.275	3,000,000.00	1.511	3,007,920.00	0.44	
Federal Home Loan Bank	(1) 03-30-15	3,000,000.00	03-29-18	1.280	3,000,000.00	1.511	3,008,190.00	0.44	
Fed Farm Credit	(1) 04-13-15	3,000,000.00	04-13-18	1.080	3,000,000.00	1.511	3,006,690.00	0.44	
Federal Home Loan Bank	(1) 04-27-15	3,000,000.00	04-27-18	1.125	3,000,000.00	1.511	3,005,430.00	0.45	
Federal Home Loan Bank	(1) 05-11-15	3,000,000.00	05-11-18	1.050	3,000,000.00	1.511	3,001,890.00	0.45	
Federal Home Loan Bank	(1) 05-18-15	3,000,000.00	05-18-18	1.080	3,000,000.00	1.511	2,991,660.00	0.47	

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

31 OCT 2015

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
Federal Home Loan Mortgage Corp.	(1) 05-18-15	3,000,000.00	05-18-18	1.100	3,000,000.00	1.511	3,003,150.00	0.47	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	06-29-18	1.300	3,000,000.00	1.511	3,008,940.00	0.48	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	06-29-18	1.200	3,000,000.00	1.511	3,007,980.00	0.48	
Federal Home Loan Bank	(1) 08-24-15	3,000,000.00	08-24-18	1.275	3,000,000.00	1.511	3,009,810.00	0.51	
Federal Home Loan Mortgage Corp.	(1) 09-18-15	3,000,000.00	09-18-18	1.300	3,000,000.00	1.511	3,001,710.00	0.53	
Federal Home Loan Mortgage Corp.	(1) 09-28-15	3,000,000.00	09-28-18	1.375	3,000,000.00	1.511	3,002,910.00	0.53	
Federal Home Loan Mortgage Corp.	(1) 09-28-15	3,000,000.00	09-28-18	1.200	3,000,000.00	1.511	3,007,470.00	0.53	
Total Securities		125,988,537.90 ✓		1.027	126,000,000.00 ✓	63.442	126,110,100.00 ✓	15.30	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.357 ✓	31,529,338.55 ✓	15.875		0.16	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.785 ✓	41,078,298.85 ✓	20.683		0.21	
Total Liquid Accounts				0.599	72,607,637.40 ✓	36.558		0.37	
SUB-TOTAL		(average weighted yield)		0.870	198,607,637.40	100.00		15.67	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.766			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN			11-07-16	1.130	1,552,513.05	10.923			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEME				5.451	950,950.00	6.691			
2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC				0.870	733,352.00	5.160			
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.010	10,662.30	0.075			
2015 WATER REV BONDS-DELIVERY COSTS FUND-MONEY MARKET				0.020	25,875.53	0.182			
2015 WATER REV BONDS-GOOD FAITH DEPOSIT FUND				0.000	1.35				
2015 WATER REV BONDS-PAYMENT FUND				0.020	0.39				
2015 WATER REV BONDS-RESERVE FUND-MONEY MARKET				0.020	1,421,638.79	10.003			
ONE MARINA CFD CAPITALIZED INTEREST				0.000	2,310.43	0.016			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	51,836.28	0.365			
RECYCLE WATER PROJECT 2007A-MMF				0.000	776.70	0.005			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	0.02				
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.000	0.16				
RWC ONE MARINA 2011 RESERVE FUND				0.870	510,136.48	3.589			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.000	0.24				

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31 OCT 2015

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RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.870	551,278.40	3.879			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.010	11,298.55	0.080			
RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC				1.000	2,000,000.00	14.072			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-MM				0.030	67,555.36	0.475			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,242,233.53	15.776			
TRAFFIC IMPACT FUND-CUSIP 3130A4EJ7			03-22-16	0.310	3,000,000.00	21.108			
WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT				0.000	4.07				
WATER REVENUE REFUNDING BONDS SERIES 2013-PAYMENT ACC				0.000	1.30				
2007 WATER REV BONDS - LAIF				0.262	971,432.96	6.835			
Total with Fiscal Agents					14,212,768.90	100.0			
TOTAL BOTH PORTFOLIOS					<u>212,820,406.30</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.

Investment Policy - Maturity of Investments Guidelines

As of 31 OCT 2015:

\$126,000,000.00 securities

\$72,607,637.40 liquids

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\$198,607,637.40 securities & liquid = "idle funds"

\$72,607,637.40 liquids

3,000,870.00 FHLMC

3,001,080.00 FHLMC

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

31 OCT 2015

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		3,001,380.00	FHLB						
		3,001,770.00	FNMA						
		3,002,850.00	FHLMC						
		3,002,850.00	FHLMC						
		3,000,660.00	FFC						
		3,002,400.00	FHLB						
		3,002,400.00	FHLB						
		3,009,810.00	FNMA						
		3,002,460.00	FFC						
		3,002,220.00	FHLMC						
		3,002,610.00	FFC						
		3,006,810.00	FHLMC						
		3,009,420.00	FHLMC						
		3,006,420.00	FHLB						
		3,008,190.00	FHLB						
		3,001,350.00	FHLMC						
		3,003,240.00	FNMA						
		3,000,240.00	FHLB						
		3,004,440.00	FHLMC						
		3,006,810.00	FHLB						
		3,007,920.00	FHLB						
		3,008,190.00	FHLB						
		3,006,690.00	FFC						
		3,005,430.00	FHLB						
		3,001,890.00	FHLB						
		3,003,150.00	FHLMC						
		3,008,940.00	FHLB						
		3,007,980.00	FHLB						
		3,009,810.00	FHLB						
		3,001,710.00	FHLMC						
		3,002,910.00	FHLMC						
		3,007,470.00	FHLMC						
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		\$174,760,007.40	Total investments that can be sold at face value in emergency						

The following summarizes the City's investment policy liquidity and maturity requirements based on current surplus funds and the City's actual current standing:

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

31 OCT 2015

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
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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 OCT 2015 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$99,303,818.70	\$174,760,007.40
	2 \$99,303,818.70	\$114,105,000.00
	3 \$49,651,909.35	\$78,096,450.00