

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

February 12, 2008

## Subject

Monthly Investment Report for Period Ending January 31, 2008

## Background

The attached investment report indicates that on January 31, 2008 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$120,969,355.55 were invested producing an average yield of 4.642%. The target Fed Funds rate for January 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.

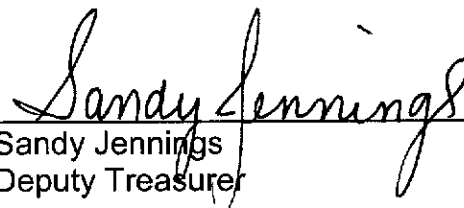
As of January 31, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.

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 20 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: 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 JAN 2008

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 Home Loan Bank	05-02-07	985,840.00	02-15-08	5.229	1,000,000.00	0.827	1,000,310.00	0.00	
Federal Home Loan Bank	02-17-05	2,986,875.00	02-15-08	3.780	3,000,000.00	2.480	3,000,930.00	0.00	
Federal Home Loan Bank	07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	2.480	3,005,640.00	0.02	
Federal National Mortgage Assoc.	05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	2.480	3,026,250.00	0.07	
Federal Home Loan Mortgage Corp.	06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	2.480	3,014,580.00	0.10	
Federal National Mortgage Assoc.	06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	2.480	2,996,250.00	0.10	
Federal Home Loan Mortgage Corp.	08-28-07	2,285,820.00	08-04-08	4.940	2,295,000.00	1.897	2,314,599.30	0.11	
Federal Home Loan Bank	05-02-07	3,004,320.00	08-08-08	4.999	3,000,000.00	2.480	3,035,640.00	0.15	
Federal Home Loan Mortgage Corp.	02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	2.480	3,015,930.00	0.17	
Federal National Mortgage Assoc.	03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	2.480	3,026,250.00	0.22	
Treasury Notes	(1) 04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.480	3,071,250.00	0.30	
Federal Home Loan Mortgage Corp.	(1) 12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.480	3,103,140.00	0.32	
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.480	3,103,140.00	0.40	
Federal Home Loan Bank	(1) 01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.480	3,116,250.00	0.42	
Federal Home Loan Bank	(1) 05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.480	3,050,640.00	0.45	
Federal Home Loan Bank	(1) 09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.480	3,115,320.00	0.47	
Federal Home Loan Mortgage Corp.	(1) 08-28-07	1,367,803.86	09-22-09	4.783	1,389,000.00	1.148	1,418,446.80	0.23	
Fed Farm Credit	(1) 11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.480	3,117,180.00	0.52	
Federal Home Loan Mortgage Corp.	(1) 12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.480	3,105,000.00	0.52	
Federal Home Loan Bank	(1) 12-03-07	3,000,000.00	12-03-09	4.250	3,000,000.00	2.480	3,040,320.00	0.55	12-03-08
Treasury Notes	(1) 01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.480	3,084,390.00	0.57	
Federal National Mortgage Assoc.	(1) 02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.480	3,069,390.00	0.60	
Federal Home Loan Bank	(1) 03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.480	3,137,820.00	0.62	
Federal Home Loan Bank	(1) 11-05-07	3,000,000.00	05-05-10	4.640	3,000,000.00	2.480	3,026,250.00	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	2.480	3,137,820.00	0.67	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.480	3,165,930.00	0.69	
Fed Farm Credit	(1) 01-28-08	3,000,000.00	07-28-10	3.870	3,000,000.00	2.480	3,007,500.00	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	1.653	2,061,880.00	0.50	
Federal Home Loan Bank	(1) 09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.480	3,167,820.00	0.77	
Federal Home Loan Bank	(1) 10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.653	2,075,620.00	0.55	
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Total Governments		83,367,930.36		4.653	83,684,000.00	69.178	85,611,486.10	11.50	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				4.620	23,940,475.17	19.791		0.20	

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

31 JAN 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 - CITY OF REDWOOD CITY				4.490	8,478,182.97	7.009		0.07	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				4.490	1,939,756.13	1.604		0.02	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.490	2,926,941.28	2.420		0.02	
Total Liquid Accounts				4.573	37,285,355.55	30.822		0.31	
SUB-TOTAL				(average weighted yield) 4.642	120,969,355.55	100.00		11.81	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				3.070	1,367,231.92	2.739			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC			07-15-11	6.190	1,543,000.00	3.091			
1998 CITY HALL COP - RESERVE FUND - LAIF				4.620	1,056,320.08	2.116			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				3.070	488.42	0.001			
1998 CITY HALL COP-BASE RENTAL PAYMENT FUND				3.050	2,880.68	0.006			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	4.030	1,185,187.50	2.374			
1998 LEASE REVENUE REFUNDING BONDS - I&R FUND				0.000	0.00	0.000			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				3.070	40,312.50	0.081			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				1.750	52,676.73	0.106			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				1.750	24,988.28	0.050			
1999 SEAPORT CONS. BONDS - REV ACCT - MONEY MARKET				0.000	0.06	0.000			
1999 SEAPORT CONS BONDS RESERVE FUND TREASURY			07-31-08	4.930	944,406.25	1.892			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				3.070	351,985.14	0.705			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				3.080	1,058,074.00	2.120			
2000A PACIFIC SHORES BONDS - I&R FUND				3.080	64,647.89	0.130			
2000A PACIFIC SHORES BONDS - REBATE FUND				3.080	57,193.69	0.115			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				3.080	74,311.22	0.149			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				3.080	16,671.66	0.033			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY			10-31-11	4.300	2,056,289.46	4.119			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				3.140	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				3.080	148.59	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				3.070	360,173.40	0.722			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				3.130	5.74	0.000			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			10-15-08	5.030	1,016,650.00	2.037			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				3.070	77,348.78	0.155			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				3.070	326,536.11	0.654			

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2003A RDA TAX ALLOCATION BONDS - I&R FUND				3.070	327,102.58	0.655			
2003A RDA TAX ALLOCATION BONDS - MONEY MARKET				0.000	0.00	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - I&R FUND				3.080	177.78	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				3.070	483,562.68	0.969			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				3.080	1,395,516.12	2.795			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC			02-01-34	4.911	2,164,425.00	4.336			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				3.070	107,814.44	0.216			
2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				3.080	421,294.08	0.844			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				0.000	0.00	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				3.080	1,008,582.44	2.020			
2006A WATER REV BONDS - PROJECT FUND - GIC			03-01-08	4.695	5,892,162.34	11.803			
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	3.153			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				3.130	74,465.23	0.149			
CAPITAL PROJECT FUND - MONEY MARKET				3.080	2,251,848.66	4.511			
RECYCLED WATER 2007 - RESERVE FUND			02-01-35	5.450	950,950.00	1.905			
RECYCLED WATER 2007 DELIVERY OF COSTS FUND				3.950	0.00	0.000			
RECYCLED WATER 2007 RESERVE FUND				3.080	26,228.52	0.053			
RECYCLED WATER PROJ 2007A PROJECT FUND				3.080	38,640.19	0.077			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.950	14,215,863.58	28.477			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT				3.070	616,181.21	1.234			
TRAFFIC IMPACT FUND - MONEY MARKET				3.070	6,694,012.35	13.409			
Total with Fiscal Agents					49,920,265.74	100.0			
TOTAL BOTH PORTFOLIOS					<u>170,889,621.29</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 JAN 2008:

\$83,684,000.00 securities

\$37,285,355.55 liquids

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\$120,969,355.55 securities & liquid = "idle funds"

\$37,285,355.55 liquids

1,000,310.00 FHLB

3,000,930.00 FHLB

3,005,640.00 FHLB

3,026,250.00 FNMA

3,014,580.00 FHLMC

2,314,599.30 FHLMC

3,035,640.00 FHLB

3,015,930.00 FHLMC

3,026,250.00 FNMA

3,071,250.00 TN

3,103,140.00 FHLMC

3,103,140.00 FHLB

3,116,250.00 FHLB

3,050,640.00 FHLB

3,115,320.00 FHLB

1,418,446.80 FHLMC

3,117,180.00 FFC

3,105,000.00 FHLMC

3,040,320.00 FHLB

3,084,390.00 TN

3,069,390.00 FNMA

3,137,820.00 FHLB

3,026,250.00 FHLB

3,137,820.00 FHLB

3,165,930.00 FHLB

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	3,007,500.00	FFC							
	2,061,880.00	FHLB							
	3,167,820.00	FHLB							
	2,075,620.00	FHLB							
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	\$119,900,591.65	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)

31 JAN 2008 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$60,484,677.78	\$119,900,591.65
	2 \$60,484,677.78	\$58,175,106.80
	3 \$30,242,338.89	\$25,850,030.00