

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

December 12, 2007

## Subject

Monthly Investment Report for Period Ending November 30, 2007

## Background

The attached investment report indicates that on November 30, 2007 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$106,777,242.48 were invested producing an average yield of 4.700%. The target Fed Funds rate for November is 4.50%.

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.

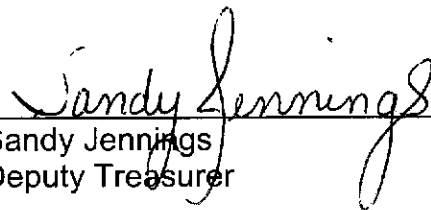
As of November 30, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.

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 18 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

30 NOV 2007

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 National Mortgage Assoc.	01-04-05	2,975,625.00	01-15-08	3.535	3,000,000.00	2.810	2,995,320.00	0.03	
Federal Home Loan Bank	05-02-07	985,840.00	02-15-08	5.229	1,000,000.00	0.937	997,810.00	0.02	
Federal Home Loan Bank	02-17-05	2,986,875.00	02-15-08	3.780	3,000,000.00	2.810	2,995,320.00	0.06	
Federal Home Loan Bank	07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	2.810	2,998,140.00	0.08	
Federal National Mortgage Assoc.	05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	2.810	3,020,640.00	0.14	
Federal Home Loan Mortgage Corp.	06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	2.810	2,997,150.00	0.17	
Federal National Mortgage Assoc.	06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	2.810	2,968,140.00	0.17	
Federal Home Loan Mortgage Corp.	08-28-07	2,285,820.00	08-04-08	4.940	2,295,000.00	2.149	2,296,560.60	0.17	
Federal Home Loan Bank	05-02-07	3,004,320.00	08-08-08	4.999	3,000,000.00	2.810	3,015,000.00	0.22	
Federal Home Loan Mortgage Corp.	02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	2.810	2,985,000.00	0.25	
Federal National Mortgage Assoc.	03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	2.810	2,991,570.00	0.31	
Treasury Notes	(1) 04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.810	3,048,270.00	0.39	
Federal Home Loan Mortgage Corp.	(1) 12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.810	3,068,430.00	0.42	
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.810	3,064,680.00	0.51	
Federal Home Loan Bank	(1) 01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.810	3,075,930.00	0.53	
Federal Home Loan Bank	(1) 05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.810	3,001,890.00	0.56	
Federal Home Loan Bank	(1) 09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.810	3,077,820.00	0.59	
Federal Home Loan Mortgage Corp.	(1) 08-28-07	1,367,803.86	09-22-09	4.783	1,389,000.00	1.301	1,395,750.54	0.29	
Fed Farm Credit	(1) 11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.810	3,070,320.00	0.65	
Federal Home Loan Mortgage Corp.	(1) 12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.810	3,058,140.00	0.65	
Treasury Notes	(1) 01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.810	3,037,020.00	0.70	
Federal National Mortgage Assoc.	(1) 02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.810	3,013,140.00	0.73	
Federal Home Loan Bank	(1) 03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.810	3,084,390.00	0.76	
Federal Home Loan Bank	(1) 11-05-07	3,000,000.00	05-05-10	4.640	3,000,000.00	2.810	3,005,640.00	0.81	08-05-08
Federal Home Loan Bank	(1) 05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.810	3,081,570.00	0.81	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.810	3,110,640.00	0.84	
Federal Home Loan Bank	(1) 08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.873	2,020,620.00	0.60	
Federal Home Loan Bank	(1) 09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.810	3,109,680.00	0.93	
Federal Home Loan Bank	(1) 10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.873	2,035,620.00	0.66	
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Total Governments		80,343,555.36		4.655	80,684,000.00	75.563	81,620,201.14	13.05	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				4.962	15,182,127.20	14.219		0.14	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				4.520	3,262,019.72	3.055		0.03	

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

30 NOV 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 - PUBLIC FINANCING AUTHORITY				4.520	1,939,756.13	1.817		0.02	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.520	5,709,339.43	5.347		0.05	
Total Liquid Accounts				4.777	26,093,242.48	24.437		0.24	
SUB-TOTAL				(average weighted yield)	4.700	106,777,242.48	100.00	13.30	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				4.060	1,351,084.01	2.808			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC			07-15-11	6.190	1,543,000.00	3.206			
1998 CITY HALL COP - RESERVE FUND - LAIF				4.962	1,070,103.43	2.224			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				4.120	485.31	0.001			
1998 CITY HALL COP-BASE RENTAL PAYMENT FUND				0.000	0.03	0.000			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	4.110	1,185,187.50	2.463			
1998 LEASE REVENUE REFUNDING BONDS - I&R FUND				4.060	1,824.54	0.004			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.060	53,729.97	0.112			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				2.510	52,374.19	0.109			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				2.500	1,479.73	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	4.950	944,406.25	1.963			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				3.670	349,935.97	0.727			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				3.670	1,051,912.53	2.186			
2000A PACIFIC SHORES BONDS - I&R FUND				3.680	64,271.43	0.134			
2000A PACIFIC SHORES BONDS - REBATE FUND				3.670	56,860.63	0.118			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				3.680	73,878.44	0.154			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				3.670	16,574.57	0.034			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY			10-31-11	4.410	2,056,289.46	4.273			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				3.620	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				3.670	147.68	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				3.680	358,076.03	0.744			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				3.670	2,017.24	0.004			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			10-15-08	5.080	1,016,650.00	2.113			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				3.680	103,915.64	0.216			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				3.680	464,518.65	0.965			
2003A RDA TAX ALLOCATION BONDS - I&R FUND				7.300	13.69	0.000			

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2003A RDA TAX ALLOCATION BONDS - MONEY MARKET				0.000	0.94	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - I&R FUND				3.670	176.72	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				3.670	480,746.78	0.999			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				3.680	847.16	0.002			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC			02-01-34	4.911	2,164,425.00	4.498			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				3.670	53,761.54	0.112			
2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				3.670	418,840.79	0.870			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				0.000	0.00	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				3.670	642.67	0.001			
2006A WATER REV BONDS - PROJECT FUND - GIC			03-01-08	4.695	7,340,126.15	15.253			
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	3.271			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				3.680	36,922.78	0.077			
CAPITAL PROJECT FUND - MONEY MARKET				3.670	2,372,253.10	4.930			
RECYCLED WATER 2007 - RESERVE FUND			02-01-35	5.450	950,950.00	1.976			
RECYCLED WATER 2007 DELIVERY OF COSTS FUND				3.950	0.00	0.000			
RECYCLED WATER 2007 RESERVE FUND				3.670	7,858.70	0.016			
RECYCLED WATER PROJ 2007A PROJECT FUND				3.680	38,415.18	0.080			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.940	14,099,305.47	29.299			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT				3.670	89,855.77	0.187			
TRAFFIC IMPACT FUND - MONEY MARKET				3.680	6,674,131.73	13.869			
Total with Fiscal Agents					48,121,907.90	100.0			
TOTAL BOTH PORTFOLIOS					<u>154,899,150.38</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 30 NOV 2007:

\$80,684,000.00 securities

\$26,093,242.48 liquids

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\$106,777,242.48 securities & liquid = "idle funds"

\$26,093,242.48 liquids

- 3,020,640.00 FNMA
- 2,296,560.60 FHLMC
- 3,015,000.00 FHLB
- 3,048,270.00 TN
- 3,068,430.00 FHLMC
- 3,064,680.00 FHLB
- 3,075,930.00 FHLB
- 3,001,890.00 FHLB
- 3,077,820.00 FHLB
- 1,395,750.54 FHLMC
- 3,070,320.00 FFC
- 3,058,140.00 FHLMC
- 3,037,020.00 TN
- 3,013,140.00 FNMA
- 3,084,390.00 FHLB
- 3,005,640.00 FHLB
- 3,081,570.00 FHLB
- 3,110,640.00 FHLB
- 2,020,620.00 FHLB
- 3,109,680.00 FHLB
- 2,035,620.00 FHLB

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\$85,784,993.62 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:

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

30 NOV 2007

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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)

30 NOV 2007 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$53,388,621.24	\$85,784,993.62
	2 \$53,388,621.24	\$51,359,550.54
	3 \$26,694,310.62	\$25,498,320.00