

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

October 11, 2007

## Subject

Monthly Investment Report for Period Ending September 30, 2007

## Background

The attached investment report indicates that on September 30, 2007 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$107,381,142.53 were invested producing an average yield of 4.792%. The target Fed Funds rate for September is 4.75%.

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.

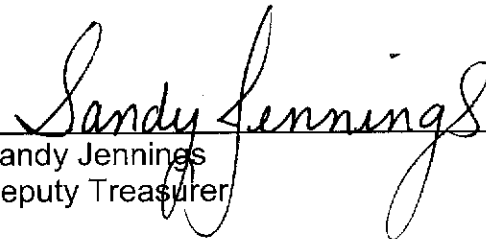
As of September 30, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.

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 17 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: Edward P. Everett, City Manager

## INVESTMENT PORTFOLIO

30 SEP 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 Home Loan Bank	04-04-07	1,461,855.83	10-03-07	5.233	1,500,000.00	1.397	1,499,550.00	0.00	
Treasury Notes	01-17-07	2,981,550.00	10-31-07	5.051	3,000,000.00	2.794	3,000,930.00	0.03	
Federal National Mortgage Assoc.	02-22-07	2,893,950.83	11-02-07	5.248	3,000,000.00	2.794	2,988,000.00	0.03	
Federal National Mortgage Assoc.	01-04-05	2,975,625.00	01-15-08	3.535	3,000,000.00	2.794	2,983,140.00	0.08	
Federal Home Loan Bank	05-02-07	985,840.00	02-15-08	5.229	1,000,000.00	0.931	994,060.00	0.04	
Federal Home Loan Bank	02-17-05	2,986,875.00	02-15-08	3.780	3,000,000.00	2.794	2,985,000.00	0.11	
Federal Home Loan Bank	07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	2.794	2,989,680.00	0.14	
Federal National Mortgage Assoc.	05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	2.794	3,021,570.00	0.20	
Federal Home Loan Mortgage Corp.	06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	2.794	2,991,360.00	0.22	
Federal National Mortgage Assoc.	06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	2.794	2,953,140.00	0.22	
Federal Home Loan Mortgage Corp.	08-28-07	2,285,820.00	08-04-08	4.940	2,295,000.00	2.137	2,291,511.60	0.21	
Federal Home Loan Bank	05-02-07	3,004,320.00	08-08-08	4.999	3,000,000.00	2.794	3,011,250.00	0.28	
Federal Home Loan Mortgage Corp.	02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	2.794	2,972,820.00	0.31	
Federal National Mortgage Assoc.	(1) 03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	2.794	2,976,570.00	0.36	
Treasury Notes	(1) 04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.794	3,020,400.00	0.45	
Federal Home Loan Mortgage Corp.	(1) 12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.794	3,053,430.00	0.47	
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.794	3,038,430.00	0.56	
Federal Home Loan Bank	(1) 01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.794	3,048,750.00	0.59	
Federal Home Loan Bank	(1) 05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.794	2,966,250.00	0.61	
Federal Home Loan Bank	(1) 09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.794	3,046,890.00	0.64	
Federal Home Loan Mortgage Corp.	(1) 08-28-07	1,367,803.86	09-22-09	4.783	1,389,000.00	1.294	1,378,790.85	0.31	
Fed Farm Credit	(1) 11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.794	3,035,640.00	0.70	
Federal Home Loan Mortgage Corp.	(1) 12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.794	3,020,640.00	0.70	
Treasury Notes	(1) 01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.794	2,977,020.00	0.75	
Federal National Mortgage Assoc.	(1) 02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.794	2,965,320.00	0.78	
Federal Home Loan Bank	(1) 03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.794	3,039,390.00	0.81	
Federal Home Loan Bank	(1) 05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.794	3,031,890.00	0.87	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.794	3,060,930.00	0.89	
Federal Home Loan Bank	(1) 08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.863	1,983,120.00	0.63	
Federal Home Loan Bank	(1) 09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.794	3,055,320.00	0.98	
Total Governments		82,691,652.02		4.694	83,184,000.00	77.466	83,380,792.45	12.98	
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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				5.231	17,286,140.86	16.098		0.16	

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

30 SEP 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				4.520	783,164.14	0.729		0.01	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				4.520	1,917,435.81	1.786		0.02	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.520	4,210,401.72	3.921		0.04	
Total Liquid Accounts				5.028	24,197,142.53	22.534		0.23	
SUB-TOTAL (average weighted yield)				4.792	107,381,142.53	100.00		13.21	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				4.450	50,641.86	0.104			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC			07-15-11	6.190	1,543,000.00	3.155			
1998 CITY HALL COP - RESERVE FUND - LAIF				5.231	1,056,220.01	2.160			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				4.360	481.72	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	4.220	1,185,187.50	2.424			
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				4.470	1,811.05	0.004			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.450	53,332.78	0.109			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				4.210	52,008.43	0.106			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				4.220	1,469.39	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	4.970	944,406.25	1.931			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				4.190	347,453.42	0.711			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				4.190	1,044,434.58	2.136			
2000A PACIFIC SHORES BONDS - I&R FUND				4.190	63,302.99	0.129			
2000A PACIFIC SHORES BONDS - REBATE FUND				4.190	56,457.19	0.115			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				4.540	26,235.00	0.054			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				4.190	16,456.98	0.034			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY			10-31-11	4.190	2,056,289.46	4.205			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				4.100	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				4.190	60.52	0.000			
2001A RWS TRANS IMPRVMT BONDS - PRINCIPAL FUND - MONEY MARKET				0.000	0.04	0.000			
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET				4.190	355,535.45	0.727			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				4.180	2,002.92	0.004			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			10-15-08	5.090	1,016,650.00	2.079			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.180	77,685.48	0.159			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				4.180	810,096.45	1.657			

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30 SEP 2007

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2003A RDA TAX ALLOCATION BONDS - I&R FUND				7.360	13.59	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				4.190	72.69	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - PRINCIPAL FUND - MONEY MARK				4.190	0.00	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - RESERVE FUND - MONEY MARKET				4.180	477,335.86	0.976			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				4.180	841.13	0.002			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC			02-01-34	4.911	2,164,425.00	4.426			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				4.190	53,380.08	0.109			
2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				4.190	415,869.13	0.850			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				0.000	0.00	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				4.190	638.10	0.001			
2006A WATER REV BONDS - PROJECT FUND - GIC			03-01-08	4.695	7,681,310.96	15.708			
2006A WATER REV BONDS - PROJECT FUND - MONEY MARKET				4.180	380.25	0.001			
2006A WATER REV BONDS - RESERVE FUND - GIC			02-01-35	4.691	1,573,906.25	3.219			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				4.190	36,660.79	0.075			
CAPITAL PROJECT FUND - MONEY MARKET				4.180	4,017,099.57	8.215			
RECYCLED WATER 2007 - RESERVE FUND			02-01-35	5.450	950,950.00	1.945			
RECYCLED WATER 2007 DELIVERY OF COSTS FUND				3.950	0.00	0.000			
RECYCLED WATER 2007 RESERVE FUND				4.180	7,802.93	0.016			
RECYCLED WATER PROJ 2007A PROJECT FUND				4.190	38,142.62	0.078			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.950	13,983,704.35	28.596			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT				4.180	89,219.21	0.182			
TRAFFIC IMPACT FUND - MONEY MARKET				4.180	6,647,302.02	13.594			
Total with Fiscal Agents					48,900,279.17	100.0			
TOTAL BOTH PORTFOLIOS					<u>156,281,421.70</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 SEP 2007:

\$83,184,000.00 securities

\$24,197,142.53 liquids

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\$107,381,142.53 securities & liquid = "idle funds"

\$24,197,142.53 liquids

3,000,930.00 TN

3,021,570.00 FNMA

3,011,250.00 FHLB

3,020,400.00 TN

3,053,430.00 FHLMC

3,038,430.00 FHLB

3,048,750.00 FHLB

3,046,890.00 FHLB

3,035,640.00 FFC

3,020,640.00 FHLMC

3,039,390.00 FHLB

3,031,890.00 FHLB

3,060,930.00 FHLB

3,055,320.00 FHLB

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\$66,682,602.53 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)

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30 SEP 2007	Policy Requirements								
result:	Based on		Actual						
	Current Investments		Investments						
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	1	\$53,690,571.27			\$66,682,602.53				
	2	\$53,690,571.27			\$48,698,780.85				
	3	\$26,845,285.63			\$26,169,270.00				