

REPORT

To the Honorable Mayor and City Council
From the City Manager

July 19, 2007

Subject

Monthly Investment Report for Period Ending June 30, 2007

Background

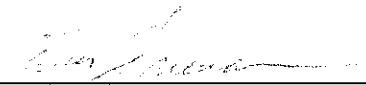
The attached investment report indicates that on June 30, 2007 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$125,309,914.88 were invested producing an average yield of 4.644%. The target Fed Funds rate for June is 5.25%.

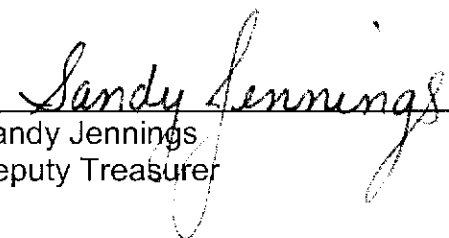
The attached investment listing represents all securities in which City funds, including all trust funds and agency funds, are invested (excluding deferred compensation plans) and indicates any security dealers that were used to invest City funds during the month.

As of June 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 16 securities meeting the criteria.

All City investments are in compliance with the City's Investment Policy.


for Brian J. Ponty
Director of Finance and Financial Planning


Sandy Jennings
Deputy Treasurer

cc: Edward P. Everett, City Manager

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

30 JUN 2007

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									
Fed Farm Credit	02-02-07	3,004,200.00	07-19-07	5.181	3,000,000.00	2.394	3,000,000.00	0.00	
Federal Home Loan Bank	03-21-05	2,978,940.00	08-24-07	4.106	3,000,000.00	2.394	2,993,430.00	0.02	
Federal National Mortgage Assoc.	09-07-04	3,000,000.00	09-07-07	3.601	3,000,000.00	2.394	2,992,500.00	0.05	
Federal National Mortgage Assoc.	04-04-07	1,463,250.00	09-26-07	5.238	1,500,000.00	1.197	1,481,700.00	0.02	
Federal Home Loan Bank	04-04-07	1,461,855.83	10-03-07	5.233	1,500,000.00	1.197	1,480,350.00	0.04	
Treasury Notes	01-17-07	2,981,550.00	10-31-07	5.051	3,000,000.00	2.394	2,993,670.00	0.10	
Federal National Mortgage Assoc.	02-22-07	2,893,950.83	11-02-07	5.248	3,000,000.00	2.394	2,947,800.00	0.10	
Federal National Mortgage Assoc.	01-04-05	2,975,625.00	01-15-08	3.535	3,000,000.00	2.394	2,966,250.00	0.14	
Federal Home Loan Bank	05-02-07	985,840.00	02-15-08	5.229	1,000,000.00	0.798	987,810.00	0.06	
Federal Home Loan Bank	02-17-05	2,986,875.00	02-15-08	3.780	3,000,000.00	2.394	2,967,180.00	0.17	
Federal Home Loan Bank	07-08-05	2,991,600.00	03-24-08	4.358	3,000,000.00	2.394	2,976,570.00	0.19	
Federal National Mortgage Assoc.	05-03-05	3,171,562.50	05-15-08	3.979	3,000,000.00	2.394	3,016,890.00	0.24	
Federal Home Loan Mortgage Corp.	06-02-05	3,007,500.00	06-02-08	4.260	3,000,000.00	2.394	2,974,500.00	0.26	
Federal National Mortgage Assoc.	06-29-05	2,891,880.00	06-15-08	3.798	3,000,000.00	2.394	2,923,140.00	0.26	
Federal Home Loan Bank	(1) 05-02-07	3,004,320.00	08-08-08	4.999	3,000,000.00	2.394	2,995,320.00	0.31	
Federal Home Loan Mortgage Corp.	(1) 02-14-06	2,914,410.00	09-15-08	4.810	3,000,000.00	2.394	2,942,820.00	0.34	
Federal National Mortgage Assoc.	(1) 03-16-06	2,919,390.00	11-17-08	4.959	3,000,000.00	2.394	2,942,820.00	0.38	
Treasury Notes	(1) 04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.394	2,979,150.00	0.45	
Federal Home Loan Mortgage Corp.	(1) 12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.394	3,025,320.00	0.48	
Federal Home Loan Bank	(1) 06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.394	3,002,820.00	0.55	
Federal Home Loan Bank	(1) 01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.394	3,011,250.00	0.57	
Federal Home Loan Bank	(1) 05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.394	2,915,640.00	0.62	
Federal Home Loan Bank	(1) 09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.394	3,003,750.00	0.62	
Fed Farm Credit	(1) 11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.394	2,987,820.00	0.67	
Federal Home Loan Mortgage Corp.	(1) 12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.394	2,970,930.00	0.67	
Treasury Notes	(1) 01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.394	2,910,000.00	0.74	
Federal National Mortgage Assoc.	(1) 02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.394	2,906,250.00	0.77	
Federal Home Loan Bank	(1) 03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.394	2,985,000.00	0.77	
Federal Home Loan Bank	(1) 05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.394	2,974,680.00	0.81	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.394	3,004,680.00	0.84	

Total Governments		84,470,548.16		4.655	85,000,000.00	67.832	84,260,040.00	11.25	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				5.250	22,680,203.79	18.099		0.18	

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

30 JUN 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				4.590	8,945,874.23	7.139		0.07	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				4.590	1,895,484.81	1.513		0.02	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				4.590	6,788,352.05	5.417		0.05	
Total Liquid Accounts				4.961	40,309,914.88	32.168		0.32	
SUB-TOTAL		(average weighted yield)		4.644	125,309,914.88	100.00		11.57	

CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				4.770	1,639,640.14	2.881			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC				4.770	1,592,773.05	2.799			
1998 CITY HALL COP - RESERVE FUND - LAIF				5.250	1,042,509.59	1.832			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				4.830	476.08	0.001			
1998 CITY HALL COP-BASE RENTAL PAYMENT FUND				4.770	27,083.33	0.048			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY				4.340	1,185,187.50	2.082			
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				4.850	432.58	0.001			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.770	41,114.75	0.072			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				4.490	29,533.16	0.052			
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				3.320	30.14	0.000			
1999 SEAPORT CONS. BONDS - REV ACCT - MONEY MARKET				0.000	8.85	0.000			
1999 SEAPORT CONS BONDS RESERVE FUND TREASURY				5.000	944,406.25	1.659			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				4.610	343,525.31	0.604			
2000A PACIFIC SHORES BONDS - CONSTRUCTION FUND - MONEY MARKET				4.600	1,039,246.45	1.826			
2000A PACIFIC SHORES BONDS - I&R FUND				4.600	64.74	0.000			
2000A PACIFIC SHORES BONDS - REBATE FUND				4.610	55,818.85	0.098			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				4.610	88,142.48	0.155			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				4.610	16,270.88	0.029			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY				4.660	2,056,289.46	3.613			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND				4.580	4.14	0.000			
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				4.600	101.59	0.000			
2001A RWS TRANS IMPRVMT BONDS - PRINCIPAL FUND - MONEY MARKET				4.600	16.27	0.000			
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET				4.600	351,515.28	0.618			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				4.740	156.00	0.000			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				5.120	1,016,650.00	1.786			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				4.610	101,222.69	0.178			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				4.610	1,182,715.74	2.078			

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2003A RDA TAX ALLOCATION BONDS - I&R FUND				4.770	6,996.06	0.012			
2003A RDA TAX ALLOCATION BONDS - MONEY MARKET				4.730	485.90	0.001			
2003B RWS TRAF IMPRV PHASE II BONDS - I&R FUND				4.600	169.25	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - PRINCIPAL FUND - MONEY MARK				4.600	11.29	0.000			
2003B RWS TRAF IMPRV PHASE II BONDS - RESERVE FUND - MONEY MARKET				4.610	471,938.36	0.829			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				4.610	864.65	0.002			
2005A WATER REV BONDS - RESERVE FUND - MBIA GIC				4.911	2,164,425.00	3.803			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT				4.910	0.00	0.000			
2005A WATER REV BONDS PROJECT FUND - MONEY MARKET				4.610	411,166.74	0.722			
2006A WATER REV BONDS - COST OF ISSUANCE FUND				0.000	0.00	0.000			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				4.610	879.35	0.002			
2006A WATER REV BONDS - PROJECT FUND - GIC				4.695	13,577,101.84	23.855			
2006A WATER REV BONDS - PROJECT FUND - MONEY MARKET				4.840	0.00	0.000			
2006A WATER REV BONDS - RESERVE FUND - GIC				4.691	1,573,906.25	2.765			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				4.610	14.98	0.000			
CAPITAL PROJECT FUND - MONEY MARKET				4.600	4,488,426.75	7.886			
RECYCLED WATER 2007 - RESERVE FUND				5.450	950,950.00	1.671			
RECYCLED WATER 2007 DELIVERY OF COSTS FUND				4.610	88,751.61	0.156			
RECYCLED WATER 2007 RESERVE FUND				4.610	122.36	0.000			
RECYCLED WATER PROJ 2007A PROJECT FUND				4.740	2,093.40	0.004			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.950	13,850,000.00	24.334			
TRAFFIC IMPACT FUND - MONEY MARKET				4.610	6,572,086.73	11.547			
Total with Fiscal Agents					56,915,325.82	100.0			
TOTAL BOTH PORTFOLIOS					<u>182,225,240.70</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 JUN 2007:

\$85,000,000.00 securities

\$40,309,914.88 liquids

\$125,309,914.88 securities & liquid = "idle funds"

\$40,309,914.88 liquids

3,000,000.00 FFC

3,016,890.00 FNMA

3,025,320.00 FHLMC

3,002,820.00 FHLB

3,011,250.00 FHLB

3,003,750.00 FHLB

3,004,680.00 FHLB

\$61,374,624.88 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)

30 JUN 2007 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$62,654,957.44	\$61,374,624.88
	2 \$62,654,957.44	\$47,558,250.00
	3 \$31,327,478.72	\$29,670,000.00