

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

September 11, 2009

## Subject

Monthly Investment Report for Period Ending August 31, 2009

## Background

The attached investment report indicates that on August 31, 2009 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$112,307,400.69. were invested producing an average yield of 2.33%. The target Fed Funds rate for August is 0.25%.

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 August 31<sup>st</sup>, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.

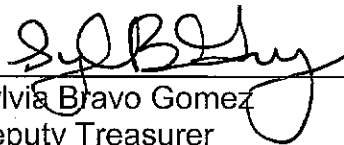
The City's Investment Policy requires that the Council be advised each month of the number of securities maturing beyond one year. The City presently has 10 securities meeting the criteria.

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



---

Brian J. Ponty  
Director of Finance



---

Sylvia Bravo Gomez  
Deputy Treasurer

cc: Peter Ingram, City Manager

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

31 AUG 2009

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									
Federal Home Loan Bank	09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.671	3,003,750.00	0.00	
Federal Home Loan Mortgage Corp.	08-28-07	1,367,803.86	09-22-09	4.783	1,389,000.00	1.237	1,391,903.01	0.00	
Fed Farm Credit	11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.671	3,020,640.00	0.03	
Federal Home Loan Mortgage Corp.	12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.671	3,022,500.00	0.05	
Treasury Notes	01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.671	3,037,620.00	0.11	
Federal National Mortgage Assoc.	02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.671	3,047,820.00	0.13	
Federal Home Loan Bank	03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.671	3,073,140.00	0.16	
Federal Home Loan Bank	05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.671	3,093,750.00	0.21	
Federal Home Loan Bank	06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.671	3,111,570.00	0.24	
Federal Home Loan Bank	08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.781	2,068,760.00	0.20	
Federal Home Loan Bank	(1) 09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.671	3,148,140.00	0.32	
Federal Home Loan Bank	(1) 10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.781	2,083,760.00	0.23	
Federal National Mortgage Assoc.	(1) 07-01-08	3,000,000.00	07-01-11	4.250	3,000,000.00	2.671	3,094,680.00	0.59	07-01-08
Federal Home Loan Mortgage Corp.	(1) 12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.671	3,237,180.00	0.59	
Federal National Mortgage Assoc.	(1) 01-27-09	999,000.00	01-27-12	2.030	1,000,000.00	0.890	1,007,500.00	0.26	07-27-10
Federal Home Loan Mortgage Corp.	(1) 06-29-09	3,000,000.00	06-29-12	2.450	3,000,000.00	2.671	3,028,680.00	0.91	06-29-10
Federal National Mortgage Assoc.	(1) 07-06-09	3,000,000.00	07-06-12	2.375	3,000,000.00	2.671	2,996,250.00	0.91	07-06-10
Federal Home Loan Bank	(1) 07-16-09	3,000,000.00	07-16-12	2.200	3,000,000.00	2.671	3,004,680.00	0.93	10-16-09
Federal Home Loan Bank	(1) 08-17-09	3,000,000.00	08-17-12	2.000	3,000,000.00	2.671	2,994,390.00	0.96	02-17-10
Federal Home Loan Bank	(1) 08-24-09	3,000,000.00	08-24-12	2.150	3,000,000.00	2.671	3,006,570.00	0.96	08-24-10
Total Securities		54,438,099.11		3.902	54,389,000.00	48.429	55,473,283.01	7.79	
-----									
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-08	95,000.00	03-03-10	1.400	95,000.00	0.085		0.01	
Rollover 03-03-2009									
Total Certificate of Deposits				1.400	95,000.00	0.085		0.01	
-----									
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.925	25,369,613.46	22.589		0.23	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.790	25,132,178.53	22.378		0.22	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				0.790	842,548.47	0.750		0.01	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				0.790	6,479,060.23	5.769		0.06	

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

31 AUG 2009

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
-----									
Total Liquid Accounts				0.849	57,823,400.69	51.487		0.51	
-----									
SUB-TOTAL		(average weighted yield)		2.330	112,307,400.69	100.00		8.31	
-----									
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND					1,886.80	0.006			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC			07-15-11	6.190	1,543,000.00	5.060			
1998 CITY HALL COP - RESERVE FUND - LAIF					1,046,370.15	3.432			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET					497.92	0.002			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	4.050	1,185,187.50	3.887			
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET					30,812.50	0.101			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND					356,567.80	1.169			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY			10-31-11	4.290					
2000A PACIFIC SHORES BONDS-REBATE FUND					57,938.32	0.190			
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND					16,888.73	0.055			
2001A RWC TRANS IMPROVMT BONDS-FHLMC				2.000	350,000.00	1.148			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND					4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MONEY MARKET					275,158.23	0.902			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	1.990	1,000,000.00	3.279			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET					77,176.87	0.253			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND					219,990.78	0.721			
2003A RDA TAX ALLOCATION BONDS - I&R FUND					122.38				
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE FUND					321,791.72	1.055			
2003B RWS TRAF IMPRVMT PHASE II-FHLMC				2.000	350,000.00	1.148			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT					64,487.80	0.211			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET					73,951.66	0.243			
2006A WATER REV BONDS-RESERVE FUND-MONEY MARKET			01-20-12	2.000	1,500,000.00	4.919			
2007 RECYCLED WATER - RESERVE FUND - GIC			02-01-35	5.450	950,950.00	3.119			
RECYCLED WATER 2007 RESERVE FUND					51,837.06	0.170			
RECYCLED WATER PROJ 2007A PROJECT FUND					8,596,555.59	28.192			
RWC 2000A PACIFIC SHORES BONDS					1,634,458.77	5.360			
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-MONEY MARKET				4.300	2,056,289.46	6.744			
RWC 2005A RESERVE FUND - MM			01-20-12	2.000	2,100,000.00	6.887			
TRAFFIC IMPACT FUND - MONEY MARKET					6,630,764.12	21.745			
-----									

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

31 AUG 2009

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
Total with Fiscal Agents					30,492,688.30	100.0			
TOTAL BOTH PORTFOLIOS					<u>142,800,088.99</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 AUG 2009:

\$54,389,000.00 securities

\$95,000.00 cds

\$57,823,400.69 liquids

-----  
\$112,307,400.69 securities & liquid = "idle funds"

\$95,000.00 cds

\$57,823,400.69 liquids

3,003,750.00 FHLB

1,391,903.01 FHLMC

3,020,640.00 FFC

3,022,500.00 FHLMC

3,037,620.00 TN

3,047,820.00 FNMA

3,073,140.00 FHLB

3,093,750.00 FHLB

3,111,570.00 FHLB

2,068,760.00 FHLB

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

31 AUG 2009

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
3,148,140.00									
FHLB									
2,083,760.00									
FHLB									
3,094,680.00									
FNMA									
3,237,180.00									
FHLMC									
1,007,500.00									
FNMA									
3,028,680.00									
FHLMC									
3,004,680.00									
FHLB									
3,006,570.00									
FHLB									

-----  
 \$107,401,043.70 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 AUG 2009 result:	Policy Requirements Based on Current Investments	Actual Investments
	-----	-----
1	\$56,106,200.35	\$107,401,043.70
2	\$56,106,200.35	\$27,601,830.00
3	\$28,053,100.17	\$16,038,070.00