

REPORT

To the Honorable Mayor and City Council
From the City Manager

June 9, 2010

Subject

Monthly Investment Report for Period Ending May 31, 2010.

Background

The attached investment report indicates that on May 31, 2010 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$123,546,627.03 were invested producing an average yield of 1.686%. The target Fed Funds rate for May is 0.25%. The report represents all securities in which City funds, including all trust funds and agency funds, are invested (excluding deferred compensation plans).

Securities purchased in the month of May:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Bank	05/24/2010	\$3,000,000.00	1.375 %	05/24/2013

Securities matured or called in the month of May:

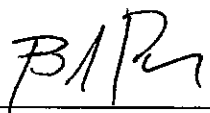
Investment Type	Date Called/ Matured	Par Amount	Interest Rate
Federal Home Loan Bank	05/14/2010	\$3,000,000.00	4.99 %
Federal Home Loan Bank	05/25/2010	\$3,000,000.00	1.00 %

The City's investment policy requires that approximately 50% of idle funds be placed in liquid investments, not more than 50% of idle funds be invested for more than one year, and not more than 25% of idle funds be invested for more than two years. Based on the City's current investments:

Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$61,725,813.52	\$118,941,257.03
With maturity greater than one year (max)	\$61,725,813.52	\$53,293,510.00
With maturity greater than two year (max)	\$30,862,906.76	\$44,125,460.00

Investment brokers used to purchase securities for the City are Morgan Stanley Smith Barney, Merrill Lynch, and Cantor Fitzgerald.

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



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 MAY 2010

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$) (2)	Average MATURITY (Months)	NEXT CALL DATE

US AGENCIES, SECURITIES, AND CORPORATE NOTES									
Federal Home Loan Bank	03-04-10	3,000,000.00	06-04-10	2.000	3,000,000.00	2.428	3,000,000.00	0.00	06-04-10
Federal Home Loan Mortgage Corp.	03-11-10	3,000,000.00	06-11-10	2.000	3,000,000.00	2.428	3,001,050.00	0.00	06-11-10
Federal Home Loan Bank	06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.428	3,003,750.00	0.00	
Federal Home Loan Bank	04-12-10	3,000,000.00	06-12-10	2.000	3,000,000.00	2.428	3,000,930.00	0.00	06-12-10
Federal Home Loan Bank	08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.619	2,015,620.00	0.03	
Federal Home Loan Bank	09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.428	3,042,180.00	0.07	
Federal Home Loan Bank	10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.619	2,031,880.00	0.06	
Federal National Mortgage Assoc.	(1) 07-01-08	3,000,000.00	07-01-11	4.250	3,000,000.00	2.428	3,009,390.00	0.32	07-01-10
Federal Home Loan Mortgage Corp.	(1) 12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.428	3,156,570.00	0.32	
Federal National Mortgage Assoc.	(1) 01-27-09	999,000.00	01-27-12	2.030	1,000,000.00	0.809	1,002,190.00	0.16	07-27-10
Fed Farm Credit	(1) 12-22-09	2,000,000.00	05-22-12	1.400	2,000,000.00	1.619	1,999,900.00	0.39	
Federal Home Loan Mortgage Corp.	(1) 06-29-09	3,000,000.00	06-29-12	2.450	3,000,000.00	2.428	3,004,170.00	0.61	06-29-10
Federal National Mortgage Assoc.	(1) 07-06-09	3,000,000.00	07-06-12	2.375	3,000,000.00	2.428	3,005,640.00	0.61	07-06-10
Federal National Mortgage Assoc.	(1) 04-16-10	3,000,000.00	07-16-12	1.500	3,000,000.00	2.428	3,003,750.00	0.61	07-16-10
Federal National Mortgage Assoc.	(1) 01-19-10	3,000,000.00	07-19-12	1.000	3,000,000.00	2.428	3,000,930.00	0.63	07-19-10
Federal National Mortgage Assoc.	(1) 10-27-09	3,000,000.00	07-27-12	1.700	3,000,000.00	2.428	3,012,180.00	0.63	10-27-10
Federal National Mortgage Assoc.	(1) 02-16-10	2,000,000.00	08-16-12	1.500	2,000,000.00	1.619	2,003,120.00	0.42	08-16-10
Federal Home Loan Bank	(1) 08-24-09	3,000,000.00	08-24-12	2.150	3,000,000.00	2.428	3,010,320.00	0.66	08-24-10
Federal Home Loan Bank	(1) 02-24-10	3,000,000.00	08-24-12	1.550	3,000,000.00	2.428	3,001,890.00	0.66	06-24-10
Federal Home Loan Mortgage Corp.	(1) 10-07-09	3,048,420.00	09-21-12	1.563	3,000,000.00	2.428	3,065,640.00	0.68	
Federal Home Loan Bank	(1) 12-21-09	3,000,000.00	12-21-12	1.250	3,000,000.00	2.428	3,000,930.00	0.75	06-21-10
Federal Home Loan Bank	(1) 12-28-09	3,000,000.00	12-28-12	1.250	3,000,000.00	2.428	3,001,890.00	0.75	06-28-10
Federal Home Loan Bank	(1) 02-25-10	3,000,000.00	02-25-13	1.875	3,000,000.00	2.428	3,008,430.00	0.80	08-25-10
Federal Home Loan Bank	(1) 03-25-10	3,000,000.00	03-25-13	1.125	3,000,000.00	2.428	3,000,930.00	0.83	06-25-10
Federal National Mortgage Assoc.	(1) 04-12-10	3,000,000.00	04-08-13	1.249	3,000,000.00	2.428	3,011,250.00	0.83	04-08-11
Federal Home Loan Bank	(1) 05-24-10	3,000,000.00	05-24-13	1.375	3,000,000.00	2.428	2,994,390.00	0.87	08-24-10
Total Securities		72,265,062.00		2.245	72,000,000.00	58.278	72,388,920.00	11.68	

CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-10	95,000.00	03-03-11	0.650	95,000.00	0.077		0.01	
Total Certificate of Deposits				0.650	95,000.00	0.077		0.01	

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

31 MAY 2010

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.560	12,237,799.76	9.905		0.10	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				1.030	28,475,582.92	23.048		0.23	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.030	10,738,244.35	8.692		0.09	

Total Liquid Accounts				0.918	51,451,627.03	41.646		0.42	

SUB-TOTAL		(average weighted yield)		1.686	123,546,627.03	100.00		12.10	

CASH AND INVESTMENTS WITH FISCAL AGENTS

1998 CITY HALL COP - RESERVE FUND - LAIF				0.000	0.06				
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	4.250	1,185,187.50	4.768			
1998 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	30,812.50	0.124			
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	57,938.32	0.233			
2000A PACIFIC SHORES-TRAFFIC MITIGATION FUND-MMF				0.000	356,567.80	1.435			
2001A RWC TRANS IMPROVMT BONDS-FHLMC-RESERVE FUND			01-20-12	1.450	350,000.00	1.408			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	18,363.23	0.074			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	2.030	1,075,000.00	4.325			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	13,218.54	0.053			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	219,990.78	0.885			
2003A RDA TAX ALLOCATION BONDS-MMF				0.000	326,952.62	1.315			
2003A RDA TAX ALLOCATIONS BONDS -I7R FUND-MMF				0.000	1,225,122.76	4.929			
2003B IMPRV PHASE 2 FHLMC-RESERVE FUND-MMF			01-20-12	1.450	360,000.00	1.448			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	18,753.59	0.075			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	87,675.38	0.353			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	90,514.16	0.364			
2006A WATER REV BONDS-FHLMC-RESERVE FUND			04-15-13	2.080	1,500,000.00	6.035			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	3.826			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	630.16	0.003			
RECYCLE WATER PROJECT 2007A-MMF				0.000	399.16	0.002			
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.625	2,056,289.46	8.273			
RWC 2005A FHLMC-RESERVE FUND			04-15-13	2.080	2,100,000.00	8.449			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.000	47,406.25	0.191			
RWC PFA WATER 2007A RESERVE FUND-FHL			07-30-12	1.440	25,000.00	0.101			

I N V E S T M E N T P O R T F O L I O
31 MAY 2010

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	959.97	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.560	6,313,000.00	25.400			
2007 WATER REV BONDS - LAIF				0.560	6,444,000.00	25.927			
Total with Fiscal Agents					24,854,736.38	100.0			
TOTAL BOTH PORTFOLIOS					<u>148,401,363.41</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 MAY 2010:

\$72,000,000.00	securities
\$95,000.00	cds
\$51,451,627.03	liquids

\$123,546,627.03	securities & liquid = "idle funds"
\$95,000.00	cds
\$51,451,627.03	liquids
3,000,000.00	FHLB
3,001,050.00	FHLMC
3,003,750.00	FHLB
3,000,930.00	FHLB
2,015,620.00	FHLB
3,042,180.00	FHLB

I N V E S T M E N T P O R T F O L I O
31 MAY 2010

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		2,031,880.00							
		3,009,390.00							
		3,156,570.00							
		1,002,190.00							
		3,004,170.00							
		3,005,640.00							
		3,003,750.00							
		3,000,930.00							
		3,012,180.00							
		2,003,120.00							
		3,010,320.00							
		3,001,890.00							
		3,065,640.00							
		3,000,930.00							
		3,001,890.00							
		3,008,430.00							
		3,000,930.00							
		3,011,250.00							

\$118,941,257.03 Total investments that can be sold at face value in emergency

The following summarizes 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 MAY 2010 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$61,725,813.52	\$118,941,257.03
	2 \$61,725,813.52	\$53,293,510.00
	3 \$30,862,906.76	\$44,125,460.00