

REPORT

To the Honorable Mayor and City Council
From the City Manager

February 10, 2009

Subject

Monthly Investment Report for Period Ending January 31, 2009

Background

The attached investment report indicates that on January 31, 2009 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$119,462,249.85 were invested producing an average yield of 3.320%. The target Fed Funds rate for January 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 January 31st, 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 13 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 JAN 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									
Treasury Notes	04-18-06	2,968,593.75	02-15-09	4.899	3,000,000.00	2.511	3,004,230.00	0.00	
Federal Home Loan Mortgage Corp.	12-27-06	3,055,530.00	03-15-09	4.855	3,000,000.00	2.511	3,018,750.00	0.03	
Federal Home Loan Bank	06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.511	3,051,570.00	0.10	
Federal Home Loan Bank	01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.511	3,065,640.00	0.13	
Federal Home Loan Bank	05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.511	3,049,680.00	0.15	
Federal Home Loan Bank	09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.511	3,079,680.00	0.18	
Federal Home Loan Mortgage Corp.	08-28-07	1,367,803.86	09-22-09	4.783	1,389,000.00	1.163	1,416,960.57	0.08	
Fed Farm Credit	11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.511	3,090,000.00	0.20	
Federal Home Loan Mortgage Corp.	12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.511	3,088,140.00	0.23	
Treasury Notes	01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.511	3,088,140.00	0.28	
Federal National Mortgage Assoc.	(1) 02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.511	3,087,180.00	0.30	
Federal Home Loan Bank	(1) 03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.511	3,126,570.00	0.33	
Federal Home Loan Bank	(1) 05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.511	3,137,820.00	0.38	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.511	3,159,390.00	0.40	
Federal Home Loan Bank	(1) 08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.674	2,083,120.00	0.30	
Federal Home Loan Bank	(1) 09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.511	3,176,250.00	0.48	
Federal Home Loan Bank	(1) 10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.674	2,095,000.00	0.33	
Federal Home Loan Mortgage Corp.	(1) 06-09-08	3,000,000.00	06-09-11	3.625	3,000,000.00	2.511	3,025,950.00	0.70	06-09-09
Federal National Mortgage Assoc.	(1) 07-01-08	3,000,000.00	07-01-11	4.250	3,000,000.00	2.511	3,116,250.00	0.73	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	2.511	3,240,930.00	0.73	
Federal Home Loan Bank	(1) 10-17-08	3,000,000.00	10-17-11	4.150	3,000,000.00	2.511	3,014,070.00	0.80	04-17-09
Fed Farm Credit	(1) 01-23-09	3,000,000.00	01-23-12	2.080	3,000,000.00	2.511	2,974,680.00	0.90	04-23-09
Federal National Mortgage Assoc.	(1) 01-27-09	999,000.00	01-27-12	2.030	1,000,000.00	0.837	990,940.00	0.30	07-27-10

Total Securities		63,417,312.86 ✓		4.459	63,389,000.00 ✓	53.062	65,180,940.57 ✓	8.05	
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-08	95,000.00	03-03-09	3.250	95,000.00	0.080		0.00	

Total Certificate of Deposits				3.250	95,000.00 ✓	0.080		0.00	

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				2.046 ✓	45,590,404.12 ✓	38.163		0.38	

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

31 JAN 2009

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				1.920	7,380,746.94	6.178		0.06	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				1.920	1,027,418.03	0.860		0.01	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.920	1,979,680.76	1.657		0.02	
Total Liquid Accounts				2.023	55,978,249.85	46.859		0.47	
SUB-TOTAL (average weighted yield)				3.320	119,462,249.85	100.00		8.52	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				3.540	1,390,139.62	3.955			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC			07-15-11	6.190	1,543,000.00	4.390			
1998 CITY HALL COP - RESERVE FUND - LAIF				0.290	1,045,515.31	2.975			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET				0.290	497.69	0.001			
1998 CITY HALL COP-BASE RENTAL PAYMENT FUND				0.290	14,109.45	0.040			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	3.980	1,185,187.50	3.372			
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND					0.16				
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				0.290	14,812.50	0.042			
1999 SEAPORT CONS. BONDS - I&R FUND - MONEY MARKET				0.030	133.20				
1999 SEAPORT CONS. BONDS - RESERVE FUND - MONEY MARKET				0.030	1,312.28	0.004			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND				0.010	356,564.45	1.015			
2000A PACIFIC SHORES BONDS - I&R FUND				0.010	276.68	0.001			
2000A PACIFIC SHORES BONDS - REBATE FUND					57,937.78	0.165			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET				0.010	73,875.53	0.210			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND				0.010	16,888.59	0.048			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY			10-31-11	4.240	2,056,289.46	5.851			
2000A PREPAYMENT FUND				0.010	2,885.22	0.008			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND					4.14				
2001A RWS TRANS IMPRVMT BONDS - I&R FUND				0.010	117.64				
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET				0.010	364,859.75	1.038			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND					0.01				
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET				0.010	1,077,166.58	3.065			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND				0.010	219,988.69	0.626			
2003A RDA TAX ALLOCATION BONDS - I&R FUND				0.290	327,077.32	0.931			
2003B RWS TRAF IMPRV PHASE II BONDS - I&R FUND				0.010	88.56				
2003B RWS TRAF IMPRV PHASE II BONDS - RESERVE FUND - MONEY MARKET				0.010	376,986.22	1.073			
2005A WATER REV BONDS - INCOME AND PRINCIPAL				0.010	1,373,363.34	3.908			

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2005A WATER REV BONDS - RESERVE FUND - MONEY MKT					2,254,214.85	6.414			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET				0.010	994,393.02	2.829			
2006A WATER REV BONDS - PROJECT FUND - MONEY MARKET					15.98				
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.010	1,636,057.58	4.655			
CAPITAL PROJECT FUND - MONEY MARKET				0.010	37,392.18	0.106			
RECYCLED WATER 2007 - RESERVE FUND			02-01-35	5.450	950,950.00	2.706			
RECYCLED WATER 2007 RESERVE FUND				0.010	51,829.64	0.147			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.940	10,404,921.47	29.606			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT					598,457.50	1.703			
TRAFFIC IMPACT FUND - MONEY MARKET					6,717,605.24	19.114			
Total with Fiscal Agents					35,144,915.13	100.0			
TOTAL BOTH PORTFOLIOS					<u>154,607,164.98</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 JAN 2009:

\$63,389,000.00 securities

\$95,000.00 cds

\$55,978,249.85 liquids

\$119,462,249.85 securities & liquid = "idle funds"

\$95,000.00 cds

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

\$55,978,249.85									Liquids
3,004,230.00									TN
3,018,750.00									FHLMC
3,051,570.00									FHLB
3,065,640.00									FHLB
3,049,680.00									FHLB
3,079,680.00									FHLB
1,416,960.57									FHLMC
3,090,000.00									FFC
3,088,140.00									FHLMC
3,088,140.00									TN
3,087,180.00									FNMA
3,126,570.00									FHLB
3,137,820.00									FHLB
3,159,390.00									FHLB
2,083,120.00									FHLB
3,176,250.00									FHLB
2,095,000.00									FHLB
3,025,950.00									FHLMC
3,116,250.00									FNMA
3,240,930.00									FHLMC
3,014,070.00									FHLB

\$117,288,570.42									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 JAN 2009	Policy Requirements	
result:	Based on	Actual
	Current Investments	Investments

I N V E S T M E N T P O R T F O L I O
31 JAN 2009

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
1		\$59,683,624.93							
		\$117,288,570.42							
2		\$59,683,624.93							
		\$36,228,150.00							
3		\$29,841,812.46							
		\$16,362,820.00							