

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

June 11, 2009

## Subject

Monthly Investment Report for Period Ending May 31, 2009

## Background

The attached investment report indicates that on May 31, 2009 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$134,442,949.26. were invested producing an average yield of 2.823%. The target Fed Funds rate for May 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 May 31<sup>st</sup>, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.

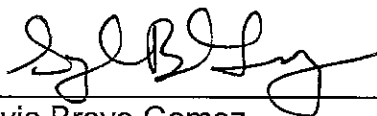
The City's Investment Policy requires that the Council be advised each month of the number of securities maturing beyond one year. The City presently has 8 securities meeting the criteria.

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



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Brian J. Ponty  
Director of Finance



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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 2009

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 Mortgage Corp.	06-09-08	3,000,000.00	06-09-09	3.625	3,000,000.00	2.231	3,002,040.00	0.00	06-09-09
Federal Home Loan Bank	06-16-06	2,988,120.00	06-12-09	5.390	3,000,000.00	2.231	3,004,680.00	0.00	
Federal National Mortgage Assoc.	03-12-09	1,860,000.00	06-12-09	2.375	1,860,000.00	1.383	1,861,171.80	0.00	06-12-09
Federal Home Loan Bank	01-09-07	3,035,130.00	07-17-09	4.875	3,000,000.00	2.231	3,019,680.00	0.02	
Federal Home Loan Bank	05-14-07	2,931,840.00	08-18-09	4.820	3,000,000.00	2.231	3,022,500.00	0.04	
Federal Home Loan Bank	09-06-06	3,019,560.00	09-11-09	5.010	3,000,000.00	2.231	3,040,320.00	0.07	
Federal Home Loan Mortgage Corp.	08-28-07	1,367,803.86	09-22-09	4.783	1,389,000.00	1.033	1,404,473.46	0.03	
Fed Farm Credit	11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.231	3,055,320.00	0.09	
Federal Home Loan Mortgage Corp.	12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.231	3,055,320.00	0.11	
Treasury Notes	01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.231	3,060,600.00	0.16	
Federal National Mortgage Assoc.	02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.231	3,069,390.00	0.18	
Federal Home Loan Bank	03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.231	3,102,180.00	0.20	
Federal Home Loan Bank	05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.231	3,120,000.00	0.25	
Federal Home Loan Bank	(1) 06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.231	3,140,640.00	0.27	
Federal Home Loan Bank	(1) 08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.488	2,080,620.00	0.21	
Federal Home Loan Bank	(1) 09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.231	3,174,390.00	0.33	
Federal Home Loan Bank	(1) 10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.488	2,095,000.00	0.24	
Federal National Mortgage Assoc.	(1) 07-01-08	3,000,000.00	07-01-11	4.250	3,000,000.00	2.231	3,111,570.00	0.56	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	2.231	3,254,070.00	0.56	
Federal National Mortgage Assoc.	(1) 01-27-09	999,000.00	01-27-12	2.030	1,000,000.00	0.744	1,006,250.00	0.24	07-27-10
Federal National Mortgage Assoc.	(1) 02-06-09	2,000,000.00	02-06-12	2.125	2,000,000.00	1.488	2,005,000.00	0.48	05-06-09
Total Securities		55,253,189.11 ✓		4.403	55,249,000.00 ✓	41.095	56,685,215.26 ✓	4.03	
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CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	ORIGINALLY PURCHASED 03-03-08	95,000.00	03-03-10	1.400 ✓	95,000.00	0.071		0.01	
	ROLLED OVER ON 03-03-09								
Total Certificate of Deposits				1.400	95,000.00	0.071		0.01	
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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				1.530	49,299,131.43	36.669		0.37	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				2.020	23,315,436.27	17.342		0.17	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				2.020	837,385.94	0.623		0.01	

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

31 MAY 2009

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
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COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				2.020	5,646,995.62	4.200		0.04	
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Total Liquid Accounts				1.715	79,098,949.26	58.835		0.59	
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SUB-TOTAL		(average weighted yield)		2.823	134,442,949.26	100.00		4.62	
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CASH AND INVESTMENTS WITH FISCAL AGENTS

1997 TAX ALLOC REFUNDING BONDS - I&R FUND					1,390,805.94	4.541			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC			07-15-11	6.190	1,543,000.00	5.038			
1998 CITY HALL COP - RESERVE FUND - LAIF					1,050,429.01	3.430			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET					497.92	0.002			
1998 CITY HALL COP-BASE RENTAL PAYMENT FUND					685.12	0.002			
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY			01-15-11	4.020	1,185,187.50	3.870			
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND					5.65				
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET					14,817.10	0.048			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND					356,567.80	1.164			
2000A PACIFIC SHORES BONDS - REBATE FUND					57,938.32	0.189			
2000A PACIFIC SHORES BONDS - RESERVE FUND - MONEY MARKET					73,641.97	0.240			
2000A PACIFIC SHORES BONDS - SPECIAL TAX FUND					16,888.73	0.055			
2000A PACIFIC SHORES BONDS- RESERVE FUND-TRSY			10-31-11	4.260	2,056,289.46	6.714			
2001A RWS TRANS IMPRVMT BONDS - ADM EXPENSE FUND					4.14				
2001A RWS TRANS IMPRVMT BONDS - RESERVE FUND - MONEY MARKET					364,863.23	1.191			
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND					0.42				
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET					1,077,176.87	3.517			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND					219,990.78	0.718			
2003A RDA TAX ALLOCATION BONDS - I&R FUND					327,197.38	1.068			
2003B RWS TRAF IMPRV PHASE II BONDS - RESERVE FUND - MONEY MARKET					375,253.59	1.225			
2005A WATER REV BONDS - INCOME AND PRINCIPAL					1.66				
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT					2,164,487.68	7.068			
2006A WATER REV BONDS - INC&PRIN - MONEY MARKET					1.20				
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET					1,573,951.65	5.139			
2007 RECYCLED WATER - RESERVE FUND - GIC			02-01-35	5.450	950,950.00	3.105			
RECYCLED WATER 2007 RESERVE FUND					25,774.93	0.084			
RECYCLED WATER PROJ 2007A PROJECT FUND					9,167,895.88	29.936			
REDWOOD CITY 2007 PROJECT FUND (GIC)				4.940					
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT					0.72				

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TRAFFIC IMPACT FUND - MONEY MARKET					6,630,763.33	21.651			
Total with Fiscal Agents					30,625,067.98	100.0			
TOTAL BOTH PORTFOLIOS					<u>165,068,017.24</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 2009:

\$55,249,000.00 securities  
\$95,000.00 cds  
\$79,098,949.26 liquids

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\$134,442,949.26 securities & liquid = "idle funds"

\$95,000.00 cds  
\$79,098,949.26 liquids  
3,002,040.00 FHLMC  
3,004,680.00 FHLB  
1,861,171.80 FNMA  
3,019,680.00 FHLB  
3,022,500.00 FHLB  
3,040,320.00 FHLB  
1,404,473.46 FHLMC  
3,055,320.00 FFC

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31 MAY 2009

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	CALL DATE
		3,055,320.00							
		3,060,600.00							
		3,069,390.00							
		3,102,180.00							
		3,120,000.00							
		3,140,640.00							
		2,080,620.00							
		3,174,390.00							
		2,095,000.00							
		3,111,570.00							
		3,254,070.00							
		1,006,250.00							
		2,005,000.00							

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\$135,879,164.52 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 MAY 2009 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$67,173,974.63	\$135,879,164.52
	2 \$67,173,974.63	\$19,867,540.00
	3 \$33,586,987.32	\$9,376,890.00