

REPORT

To the Honorable Mayor and City Council
From the City Manager

November 12, 2009

Subject

Monthly Investment Report for Period Ending October 31, 2009

Background


The attached investment report indicates that on October 31, 2009 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$109,293,157.12 were invested producing an average yield of 2.128%. The target Fed Funds rate for October 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 October 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 12 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 OCT 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 Mortgage Corp.	12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.745	3,000,000.00	0.00	
Treasury Notes	01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.745	3,021,090.00	0.05	
Federal National Mortgage Assoc.	02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.745	3,030,930.00	0.08	
Federal Home Loan Bank	03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.745	3,051,570.00	0.11	
Federal Home Loan Bank	05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.745	3,073,140.00	0.16	
Federal Home Loan Bank	06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.745	3,089,070.00	0.19	
Federal Home Loan Bank	08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.830	2,058,120.00	0.16	
Federal Home Loan Bank	09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.745	3,126,570.00	0.27	
Federal Home Loan Bank	10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.830	2,073,760.00	0.20	
Federal National Mortgage Assoc.	(1) 07-01-08	3,000,000.00	07-01-11	4.250	3,000,000.00	2.745	3,077,820.00	0.55	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	2.745	3,225,930.00	0.55	
Federal National Mortgage Assoc.	(1) 10-28-09	1,000,000.00	10-28-11	1.200	1,000,000.00	0.915	999,690.00	0.22	04-28-10
Federal Home Loan Bank	(1) 09-09-09	2,000,000.00	12-09-11	1.825	2,000,000.00	1.830	2,001,260.00	0.46	12-09-09
Federal National Mortgage Assoc.	(1) 01-27-09	999,000.00	01-27-12	2.030	1,000,000.00	0.915	1,009,380.00	0.25	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	2.745	3,033,450.00	0.88	06-29-10
Federal National Mortgage Assoc.	(1) 07-06-09	3,000,000.00	07-06-12	2.375	3,000,000.00	2.745	3,030,000.00	0.88	07-06-10
Federal National Mortgage Assoc.	(1) 10-27-09	3,000,000.00	07-27-12	1.700	3,000,000.00	2.745	2,997,180.00	0.91	10-27-10
Federal Home Loan Bank	(1) 08-17-09	3,000,000.00	08-17-12	2.000	3,000,000.00	2.745	3,010,320.00	0.93	02-17-10
Federal Home Loan Bank	(1) 08-24-09	3,000,000.00	08-24-12	2.150	3,000,000.00	2.745	3,024,390.00	0.93	08-24-10
Federal Home Loan Mortgage Corp.	(1) 10-07-09	3,048,420.00	09-21-12	1.563	3,000,000.00	2.745	3,049,680.00	0.96	
Federal Home Loan Bank	(1) 10-01-09	3,000,000.00	10-01-12	2.000	3,000,000.00	2.745	3,007,500.00	0.96	04-01-10
Total Securities		56,095,708.25		3.389	56,000,000.00	51.238	56,990,850.00	9.72	

CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK Rolled over 3-3-09	03-03-08	95,000.00	03-03-10	1.400	95,000.00	0.087		0.00	
Total Certificate of Deposits				1.400	95,000.00	0.087		0.00	

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.646	22,486,336.54	20.574		0.21	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.910	21,689,442.77	19.845		0.20	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				0.910	842,548.47	0.771		0.01	

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

31 OCT 2009

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COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				0.910	8,179,829.34	7.484		0.07	
Total Liquid Accounts				0.798	53,198,157.12	48.675		0.49	
SUB-TOTAL (average weighted yield)				2.128	109,293,157.12	100.00		10.21	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND				0.000	1,886.80	0.007			
1997 TAX ALLOC REFUNDING BONDS - RESERVE FUND - GIC				07-15-11	6.190	1,543,000.00	5.455		
1998 CITY HALL COP - RESERVE FUND - LAIF					0.000	939,000.06	3.320		
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET					0.000	110,234.30	0.390		
1998 LEASE REVENUE REFUNDING-RESERVE FUND-US TREASURY				01-15-11	4.060	1,185,187.50	4.190		
1998 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET					0.000	30,812.50	0.109		
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND					0.000	356,567.80	1.261		
2000A PACIFIC SHORES-RESERVE FUND					0.000	57,938.32	0.205		
2001A RWC TRANS IMPROVMT BONDS-FHLMC-RESERVE FUND				01-20-12	2.000	350,000.00	1.237		
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND					0.000	4.14			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MONEY MARKET					0.000	14,863.23	0.053		
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				01-20-12	1.990	1,000,000.00	3.535		
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET					0.000	77,176.87	0.273		
2003A RDA TAX ALLOCATION BONDS-CONSTRU FUND-MONEY MKT					0.000	219,990.78	0.778		
2003A RDA TAX ALLOCATIONS BONDS-I&R FUND-MONEY MARKET					0.000	122.38			
2003B RWS IMPRVMT PHASE II-FHLMC-RESERVE FUND				01-20-12	2.000	350,000.00	1.237		
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF					0.000	25,253.59	0.089		
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT					0.000	64,487.80	0.228		
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET					0.000	73,951.66	0.261		
2006A WATER REV BONDS-FHLMC-RESERVE FUND				01-20-12	2.000	1,500,000.00	5.303		
2007 RECYCLED WATER - RESERVE FUND - GIC				02-01-35	5.450	950,950.00	3.362		
RECYCLE WATER 2007-MONEY MARKET-RESERVE FUND					0.000	51,837.06	0.183		
RECYCLE WATER PROJ 2007A-MONEY MARKET FUND					0.000	8,596,556.19	30.391		
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN				10-31-11	4.625	2,056,289.46	7.269		
RWC 2005A FHLMC-RESERVE FUND				01-20-12	2.000	2,100,000.00	7.424		
TRAFFIC IMPACT FUND - MONEY MARKET					0.000	6,630,764.64	23.441		
Total with Fiscal Agents						28,286,875.08	100.0		

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TOTAL BOTH PORTFOLIOS					<u>137,580,032.20</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 OCT 2009:

\$56,000,000.00 securities
 \$95,000.00 cds
 \$53,198,157.12 liquids

 \$109,293,157.12 securities & liquid = "idle funds"

\$95,000.00 cds
 \$53,198,157.12 liquids
 3,000,000.00 FHLMC
 3,021,090.00 TN
 3,030,930.00 FNMA
 3,051,570.00 FHLB
 3,073,140.00 FHLB
 3,089,070.00 FHLB
 2,058,120.00 FHLB
 3,126,570.00 FHLB
 2,073,760.00 FHLB
 3,077,820.00 FNMA
 3,225,930.00 FHLMC
 2,001,260.00 FHLB

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1,009,380.00									
FNMA									
3,033,450.00									
FHLMC									
3,030,000.00									
FNMA									
3,010,320.00									
FHLB									
3,024,390.00									
FHLB									
3,049,680.00									
FHLMC									
3,007,500.00									
FHLB									

\$106,287,137.12	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 OCT 2009 result:	Policy Requirements Based on Current Investments	Actual Investments
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1	\$54,599,078.56	\$106,287,137.12
2	\$54,599,078.56	\$31,466,600.00
3	\$27,299,539.28	\$24,163,160.00