

REPORT

To the Honorable Mayor and City Council
From the City Manager

October 14, 2009

Subject

Monthly Investment Report for Period Ending September 30, 2009

Background

The attached investment report indicates that on September 30, 2009 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$109,581,671.70 were invested producing an average yield of 2.214%. The target Fed Funds rate for September 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 September 30th, 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

30 SEP 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									
Fed Farm Credit	11-08-06	3,003,447.00	10-23-09	4.957	3,000,000.00	2.738	3,008,430.00	0.00	
Federal Home Loan Mortgage Corp.	12-05-06	3,012,000.00	11-03-09	4.600	3,000,000.00	2.738	3,012,180.00	0.03	
Treasury Notes	01-03-07	2,909,531.25	01-15-10	4.703	3,000,000.00	2.738	3,030,000.00	0.08	
Federal National Mortgage Assoc.	02-02-07	2,903,190.00	02-15-10	5.034	3,000,000.00	2.738	3,040,320.00	0.11	
Federal Home Loan Bank	03-13-07	3,015,360.00	03-12-10	4.810	3,000,000.00	2.738	3,062,820.00	0.14	
Federal Home Loan Bank	05-23-07	2,990,565.00	05-14-10	4.990	3,000,000.00	2.738	3,083,430.00	0.19	
Federal Home Loan Bank	06-05-07	3,004,932.00	06-11-10	5.190	3,000,000.00	2.738	3,101,250.00	0.22	
Federal Home Loan Bank	08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.825	2,062,500.00	0.18	
Federal Home Loan Bank	09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.738	3,135,930.00	0.30	
Federal Home Loan Bank	(1) 10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.825	2,078,120.00	0.22	
Federal National Mortgage Assoc.	(1) 07-01-08	3,000,000.00	07-01-11	4.250	3,000,000.00	2.738	3,089,070.00	0.57	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	2.738	3,233,430.00	0.57	
Federal Home Loan Bank	(1) 09-09-09	2,000,000.00	12-09-11	1.825	2,000,000.00	1.825	2,001,880.00	0.47	12-09-09
Federal National Mortgage Assoc.	(1) 01-27-09	999,000.00	01-27-12	2.030	1,000,000.00	0.913	1,010,000.00	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	2.738	3,034,530.00	0.90	06-29-10
Federal National Mortgage Assoc.	(1) 07-06-09	3,000,000.00	07-06-12	2.375	3,000,000.00	2.738	3,030,000.00	0.90	07-06-10
Federal Home Loan Bank	(1) 07-16-09	3,000,000.00	07-16-12	2.200	3,000,000.00	2.738	3,001,890.00	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	2.738	3,007,500.00	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	2.738	3,017,820.00	0.96	08-24-10
Total Securities		52,050,735.25		3.734	52,000,000.00	47.453	53,041,100.00	8.00	
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-08	95,000.00	03-03-10	1.400	95,000.00	0.087		0.00	
Rolled over 3-3-09									
Total Certificate of Deposits				1.400	95,000.00	0.087		0.00	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.750	24,864,613.46	22.690		0.23	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.900	25,300,449.54	23.088		0.23	
COUNTY OF SAN MATEO - PUBLIC FINANCING AUTHORITY				0.900	842,548.47	0.769		0.01	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				0.900	6,479,060.23	5.913		0.06	

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

30 SEP 2009

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE \$(2)	Average MATURITY (Months)	CALL DATE
Total Liquid Accounts				0.835	57,486,671.70	52.460		0.52	
SUB-TOTAL				(average weighted yield)	109,581,671.70	100.00		8.53	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1997 TAX ALLOC REFUNDING BONDS - I&R FUND					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					1,046,370.15	3.699			
1998 CITY HALL COP - RESERVE FUND - MONEY MARKET					497.92	0.002			
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					30,812.50	0.109			
2000A PACIFIC SHORES - TRAFFIC MITIGATION PROJ FUND					356,567.80	1.261			
2000A PACIFIC SHORES BONDS-REBATE FUND					57,938.32	0.205			
2001A RWC TRANS IMPROVMT BONDS-FHLMC				2.000					
2001A RWC TRANS IMPROVMT BONDS-FHLMC				2.000	350,000.00	1.237			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND					4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MONEY MARKET					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	3.536			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - MONEY MARKET					77,176.87	0.273			
2003A RDA TAX ALLOCATION BONDS - CONSTRUCTION FUND					219,990.78	0.778			
2003A RDA TAX ALLOCATION BONDS - I&R FUND					122.38				
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE FUND					25,253.59	0.089			
2003B RWS TRAF IMPRVMT PHASE II-FHLMC				2.000					
2003B RWS TRAF IMPRVMT PHASE II-FHLMC				2.000	350,000.00	1.237			
2005A WATER REV BONDS - RESERVE FUND - MONEY MKT					64,487.80	0.228			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET					73,951.66	0.261			
2006A WATER REV BONDS-RESERVE FUND-MONEY MARKET			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			
RECYCLED WATER 2007 RESERVE FUND					51,837.06	0.183			
RECYCLED WATER PROJ 2007A PROJECT FUND					8,596,555.90	30.393			
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-MONEY MARKET				4.300	2,056,289.46	7.270			
RWC 2005A RESERVE FUND - MM			01-20-12	2.000	2,100,000.00	7.425			
TRAFFIC IMPACT FUND - MONEY MARKET					6,630,764.38	23.443			
Total with Fiscal Agents					28,284,508.24	100.0			

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TOTAL BOTH PORTFOLIOS					<u>137,866,179.94</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 30 SEP 2009:

\$52,000,000.00	securities
\$95,000.00	cds
\$57,486,671.70	liquids

\$109,581,671.70	securities & liquid = "idle funds"
\$95,000.00	cds
\$57,486,671.70	liquids
3,008,430.00	FFC
3,012,180.00	FHLMC
3,030,000.00	TN
3,040,320.00	FNMA
3,062,820.00	FHLB
3,083,430.00	FHLB
3,101,250.00	FHLB
2,062,500.00	FHLB
3,135,930.00	FHLB
2,078,120.00	FHLB
3,089,070.00	FNMA
3,233,430.00	FHLMC

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	2,001,880.00	FHLB							
	1,010,000.00	FNMA							
	3,034,530.00	FHLMC							
	3,030,000.00	FNMA							
	3,001,890.00	FHLB							
	3,007,500.00	FHLB							
	3,017,820.00	FHLB							

 \$110,622,771.70 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)

30 SEP 2009 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$54,743,335.85	\$110,622,771.70
	2 \$54,743,335.85	\$26,504,240.00
	3 \$27,371,667.93	\$18,103,620.00