

REPORT

To the Honorable Mayor and City Council
From the City Manager

September 10, 2010

Subject

Monthly Investment Report for Period Ending August 31, 2010.

Background

The attached investment report indicates that on August 31, 2010 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$109,026,188.42 were invested producing an average yield of 1.354%. The target Fed Funds rate for August 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 August:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Fannie Mae	08/02/2010	\$3,000,000.00	0.750 %	08/02/2013
Fannie Mae	08/09/2010	\$3,000,000.00	1.300 %	08/09/2013
Federal Home Loan Bank	08/16/2010	\$3,000,000.00	1.125 %	08/16/2013
Fannie Mae	08/19/2010	\$3,000,000.00	1.250 %	08/19/2013
Federal Home Loan Bank	08/20/2010	\$1,000,000.00	0.800 %	11/20/2012
Federal Home Loan Mortgage Corp	08/23/2010	\$3,000,000.00	1.150 %	08/23/2013
Federal Home Loan Bank	08/30/2010	\$2,000,000.00	0.600 %	08/28/2013
Federal Home Loan Bank	08/30/2010	\$3,000,000.00	0.500 %	08/28/2013

Securities matured or called in the month of August:

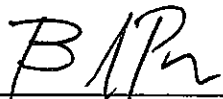
Investment Type	Date Called/ Matured	Par Amount	Interest Rate
Federal Home Loan Bank	08/13/2010	\$2,000,000.00	4.125 %
Fannie Mae	08/16/2010	\$2,000,000.00	1.500 %
Federal Home Loan Bank	08/24/2010	\$3,000,000.00	2.150 %
Federal Home Loan Bank	08/24/2010	\$3,000,000.00	1.375 %
Federal Home Loan Bank	08/25/2010	\$3,000,000.00	1.875 %

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:

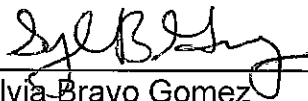
Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$54,465,594.21	\$102,382,073.42
With maturity greater than one year (max)	\$54,465,594.21	\$63,204,925.00
With maturity greater than two year (max)	\$27,232,797.11	\$60,199,285.00

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

As of August 31st, 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 AUG 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	09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.752	3,003,750.00	0.00	
Federal Home Loan Bank	10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.834	2,011,260.00	0.02	
Federal Home Loan Mortgage Corp.	12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.752	3,131,250.00	0.28	
Federal National Mortgage Assoc.	(1) 10-27-09	3,000,000.00	07-27-12	1.700	3,000,000.00	2.752	3,005,640.00	0.63	10-27-10
Federal Home Loan Mortgage Corp.	(1) 10-07-09	3,048,420.00	09-21-12	1.563	3,000,000.00	2.752	3,088,140.00	0.69	
Federal Home Loan Bank	(1) 08-20-10	1,000,000.00	11-20-12	0.800	1,000,000.00	0.917	998,750.00	0.25	09-20-10
Federal Home Loan Bank	(1) 03-25-10	3,000,000.00	03-25-13	1.125	3,000,000.00	2.752	3,000,930.00	0.85	09-25-10
Federal National Mortgage Assoc.	(1) 04-12-10	3,000,000.00	04-08-13	1.249	3,000,000.00	2.752	3,011,250.00	0.85	04-08-11
Federal Home Loan Bank	(1) 06-17-10	3,000,000.00	06-17-13	1.000	3,000,000.00	2.752	3,002,820.00	0.94	03-17-11
Federal Home Loan Bank	(1) 06-28-10	3,000,000.00	06-28-13	1.000	3,000,000.00	2.752	3,007,500.00	0.94	06-28-11
Federal Home Loan Mortgage Corp.	(1) 06-28-10	3,000,000.00	06-28-13	1.250	3,000,000.00	2.752	3,006,360.00	0.94	12-28-10
Federal Home Loan Mortgage Corp.	(1) 06-28-10	3,000,000.00	06-28-13	1.625	3,000,000.00	2.752	3,028,230.00	0.94	06-28-11
Federal Home Loan Mortgage Corp.	(1) 07-08-10	3,000,000.00	07-08-13	1.550	3,000,000.00	2.752	3,002,730.00	0.94	10-08-10
Federal Home Loan Bank	(1) 07-12-10	3,000,000.00	07-12-13	1.400	3,000,000.00	2.752	3,023,430.00	0.94	01-12-12
Federal Home Loan Bank	(1) 07-15-10	3,000,000.00	07-15-13	1.450	3,000,000.00	2.752	3,002,820.00	0.94	10-15-10
Federal National Mortgage Assoc.	(1) 07-19-10	3,000,000.00	07-19-13	1.125	3,000,000.00	2.752	3,002,820.00	0.96	01-19-11
Federal Home Loan Mortgage Corp.	(1) 07-26-10	3,000,000.00	07-26-13	1.400	3,000,000.00	2.752	3,008,820.00	0.96	01-26-11
Federal Home Loan Mortgage Corp.	(1) 07-26-10	1,500,000.00	07-26-13	1.000	1,500,000.00	1.376	1,501,290.00	0.48	01-26-11
Federal Home Loan Bank	(1) 07-29-10	1,500,000.00	07-29-13	1.250	1,500,000.00	1.376	1,501,875.00	0.48	10-29-10
Federal National Mortgage Assoc.	(1) 08-02-10	3,000,000.00	08-02-13	0.750	3,000,000.00	2.752	3,000,930.00	0.96	02-02-11
Federal National Mortgage Assoc.	(1) 08-09-10	3,000,000.00	08-09-13	1.300	3,000,000.00	2.752	3,008,430.00	0.96	02-09-11
Federal Home Loan Bank	(1) 08-16-10	3,000,000.00	08-16-13	1.125	3,000,000.00	2.752	3,000,930.00	0.99	09-16-10
Federal National Mortgage Assoc.	(1) 08-19-10	3,000,000.00	08-19-13	1.250	3,000,000.00	2.752	3,004,680.00	0.99	08-19-11
Federal Home Loan Mortgage Corp.	(1) 08-23-10	3,000,000.00	08-23-13	1.150	3,000,000.00	2.752	2,998,410.00	0.99	02-23-11
Federal Home Loan Bank	(1) 08-30-10	2,000,000.00	08-28-13	0.600	2,000,000.00	1.834	2,000,000.00	0.66	02-28-11
Federal Home Loan Bank	(1) 08-30-10	3,000,000.00	08-28-13	0.500	3,000,000.00	2.752	2,998,140.00	0.99	02-28-11
Total Securities		71,297,450.00 ✓		1.504	71,000,000.00 ✓	65.122	71,351,185.00 ✓	19.55	

CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-10	95,000.00	03-03-11	0.650	95,000.00 ✓	0.087		0.01	
Total Certificate of Deposits				0.650	95,000.00	0.087		0.01	

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

31 AUG 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				0.513	11,477,847.21	10.528		0.11	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				1.350	17,733,655.20	16.266		0.16	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.350	8,719,686.01	7.998		0.08	

Total Liquid Accounts				1.097	37,931,188.42	34.791		0.35	

SUB-TOTAL		(average weighted yield)		1.354	109,026,188.42	100.00		19.91	

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	4.190	1,185,187.50	4.845			
1998 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	25,500.00	0.104			
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	1,856,691.25	7.590			
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	57,938.32	0.237			
2000A PACIFIC SHORES-TRAFFIC MITIGATION FUND-MMF				0.000	567.80	0.002			
2001A RWC TRANS IMPROVMT BONDS-FHLMC-RESERVE FUND			01-20-12	1.000	182,000.00	0.744			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	187,631.98	0.767			
2001A RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	312,505.00	1.278			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	2.020	1,075,000.00	4.395			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	18,727.92	0.077			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	219,990.78	0.899			
2003A RDA TAX ALLOCATIONS BONDS -I7R FUND-MMF				0.000	0.38				
2003B IMPRV PHASE 2 FHLMC-RESERVE FUND-MMF			01-20-12	1.510	150,000.00	0.613			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	230,058.59	0.941			
2003B RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	299,603.13	1.225			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	697.55	0.003			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	537.09	0.002			
2006A WATER REV BONDS-FHLMC-RESERVE FUND			04-15-13	2.080	1,500,000.00	6.132			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	3.888			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	51,782.92	0.212			
RECYCLE WATER PROJECT 2007A-MMF				0.000	715.07	0.003			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.356			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.368			

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

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RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.400	2,056,289.46	8.406			
RWC 2002A IMP PROJECT BANK OF AMERICA-CD			12-23-10	0.150	116,000.00	0.474			
RWC 2002A IMP PROJECT BANK OF CHINA - CD			12-23-10	0.300	240,000.00	0.981			
RWC 2005A FHLMC-RESERVE FUND			04-15-13	2.080	2,100,000.00	8.585			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.100	47,406.25	0.194			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.560	6,316,559.33	25.823			
2007 WATER REV BONDS - LAIF				0.560	5,101,023.15	20.853			
Total with Fiscal Agents					24,461,327.84	100.0			
TOTAL BOTH PORTFOLIOS					<u>133,487,516.26</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 AUG 2010:

\$71,000,000.00	securities
\$95,000.00	cds
\$37,931,188.42	liquids

\$109,026,188.42	securities & liquid = "idle funds"
\$95,000.00	cds
\$37,931,188.42	liquids
3,003,750.00	FHLB

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

31 AUG 2010

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
2,011,260.00									
FHLB									
3,131,250.00									
FHLMC									
3,005,640.00									
FNMA									
3,088,140.00									
FHLMC									
3,000,930.00									
FHLB									
3,011,250.00									
FNMA									
3,002,820.00									
FHLB									
3,007,500.00									
FHLB									
3,006,360.00									
FHLMC									
3,028,230.00									
FHLMC									
3,002,730.00									
FHLMC									
3,023,430.00									
FHLB									
3,002,820.00									
FHLB									
3,002,820.00									
FNMA									
3,008,820.00									
FHLMC									
1,501,290.00									
FHLMC									
1,501,875.00									
FHLB									
3,000,930.00									
FNMA									
3,008,430.00									
FNMA									
3,000,930.00									
FHLB									
3,004,680.00									
FNMA									
2,000,000.00									
FHLB									

\$102,382,073.42	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 AUG 2010	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 AUG 2010

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

	1	\$54,465,594.21			\$102,382,073.42				
	2	\$54,465,594.21			\$63,204,925.00				
	3	\$27,232,797.11			\$60,199,285.00				