

REPORT

To the Honorable Mayor and City Council
From the City Manager

February 11, 2011

Subject

Monthly Investment Report for Period Ending January 31, 2011.

Background

The attached investment report indicates that on January 31, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$116,260,804.34 were invested producing an average yield of 0.815%. The target Fed Funds rate for January 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 January:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Mortgage Corp.	01/26/2011	\$3,000,000.00	0.750%	10/26/2012

Securities matured, called, or sold in the month of January:

Investment Type	Date	Par Amount	Interest Rate
Fannie Mae	01/19/2011	\$3,000,000.00	1.125 %
Certificate of Deposit	01/20/2011	\$ 187,000.00	0.200 %
Federal Home Loan Mortgage Corp.	01/26/2011	\$3,000,000.00	1.400 %
Federal Home Loan Mortgage Corp	01/26/2011	\$1,500,000.00	1.000 %

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)	\$ 58,082,902.17	\$ 66,337,754.34
With maturity greater than one year (max)	\$ 58,082,902.17	\$ 61,873,432.00
With maturity greater than two year (max)	\$ 29,041,451.09	\$ 55,876,672.00

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

As of January 31, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.



Brian J. Ponty
Director of Finance



Sylvia Bravo Peters
Deputy Treasurer

cc: Robert Bell, Interim City Manager

I N V E S T M E N T P O R T F O L I O
31 JAN 2011

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 Mortgage Corp.	12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.580	3,070,560.00	0.13	
Federal Home Loan Bank	(1) 11-23-10	3,000,000.00	08-23-12	0.500	3,000,000.00	2.580	2,998,710.00	0.49	02-23-11
Federal Home Loan Mortgage Corp.	(1) 01-26-11	3,000,000.00	10-26-12	0.750	3,000,000.00	2.580	2,998,050.00	0.54	07-26-11
Federal Home Loan Mortgage Corp.	(1) 10-29-10	3,000,000.00	04-29-13	0.700	3,000,000.00	2.580	2,987,880.00	0.70	04-29-11
Federal National Mortgage Assoc.	(1) 09-27-10	3,000,000.00	06-27-13	1.000	3,000,000.00	2.580	2,999,550.00	0.75	09-27-11
Federal Home Loan Bank	(1) 11-01-10	3,000,000.00	08-01-13	0.750	3,000,000.00	2.580	2,979,750.00	0.77	02-01-11
Federal National Mortgage Assoc.	(1) 08-02-10	3,000,000.00	08-02-13	0.750	3,000,000.00	2.580	3,002,130.00	0.77	02-02-11
Federal National Mortgage Assoc.	(1) 08-09-10	3,000,000.00	08-09-13	1.300	3,000,000.00	2.580	3,000,600.00	0.77	02-09-11
Federal National Mortgage Assoc.	(1) 08-19-10	3,000,000.00	08-19-13	1.250	3,000,000.00	2.580	3,001,200.00	0.80	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	2.580	2,997,240.00	0.80	02-23-11
Federal Home Loan Bank	(1) 08-30-10	2,000,000.00	08-28-13	0.600	2,000,000.00	1.720	1,999,762.00	0.53	02-28-11
Federal Home Loan Bank	(1) 08-30-10	3,000,000.00	08-28-13	0.500	3,000,000.00	2.580	2,999,610.00	0.80	02-28-11
Federal Home Loan Bank	(1) 09-03-10	3,000,000.00	09-03-13	1.050	3,000,000.00	2.580	2,997,300.00	0.80	12-03-10
Fed Farm Credit	(1) 09-09-10	3,000,000.00	09-09-13	1.040	3,000,000.00	2.580	2,991,540.00	0.80	03-09-11
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.580	2,998,380.00	0.80	09-09-11
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.580	3,002,460.00	0.83	03-17-11
Federal Home Loan Mortgage Corp.	(1) 09-24-10	3,000,000.00	09-24-13	1.200	3,000,000.00	2.580	2,992,650.00	0.83	03-24-11
Federal Home Loan Mortgage Corp.	(1) 09-24-10	3,000,000.00	09-24-13	1.200	3,000,000.00	2.580	2,992,650.00	0.83	03-24-11
Federal Home Loan Mortgage Corp.	(1) 09-30-10	3,000,000.00	09-30-13	0.750	3,000,000.00	2.580	2,996,550.00	0.83	03-30-11
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.580	2,973,300.00	0.85	04-28-11
Fed Farm Credit	(1) 11-12-10	3,000,000.00	11-12-13	0.790	3,000,000.00	2.580	2,995,290.00	0.85	05-12-10
Federal National Mortgage Assoc.	(1) 11-26-10	3,000,000.00	11-26-13	1.000	3,000,000.00	2.580	2,968,830.00	0.88	05-26-11
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Total Securities		65,209,580.00 ✓		1.002	65,000,000.00 ✓	55.909	64,943,992.00 ✓	16.14	
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-10	95,000.00	03-03-11	0.650	95,000.00 ✓	0.082		0.00	
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Total Certificate of Deposits				0.650	95,000.00	0.082		0.00	

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.538	45,547,281.99 ✓	39.177		0.39	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.980	3,054,159.85 ✓	2.627		0.03	

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

31 JAN 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				0.980	2,564,362.50	2.206		0.02	
Total Liquid Accounts				0.587	51,165,804.34	44.010		0.44	
SUB-TOTAL (average weighted yield)				0.815	116,260,804.34	100.00		16.59	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1998 CITY HALL COP - RESERVE FUND - LAIF				0.000	0.06				
1998 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.100	1,223,497.67	4.946			
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	5.09				
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	57,958.95	0.234			
2000A PACIFIC SHORES-TRAFFIC MITIGATION FUND-MMF				0.000	1,016.03	0.004			
2001A RWC TRANS IMPROVMT - CITIBANK CD				08-26-13	1.000	182,000.00	0.736		
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD				09-03-13	1.250	182,000.00	0.736		
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	6,392.40	0.026			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				01-20-12	2.040	1,075,000.00	4.346		
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	29,746.67	0.120			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.440			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	0.38				
2003B IMPRV PHASE 2 - SYNOVUS BANK CD				03-02-12	0.006	187,000.00	0.756		
2003B IMPRV PHASE2 - GE MONEY CD				08-27-13	0.015	150,000.00	0.606		
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	43,080.27	0.174			
2005A WATER REVENUE BONDS-I&R FUND-MMF				0.000	1,487,355.63	6.013			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	23,515.07	0.095			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	17,103.75	0.069			
2006A WATER REV BONDS-FHLMC-RESERVE FUND				10-18-13	0.850	1,500,000.00	6.064		
2006A WATER REVENUE BONS - I&R FUND-MMF				0.000	1,072,351.89	4.335			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				02-01-35	5.451	950,950.00	3.844		
RDA PROJECT AREA #2 SERIES 2003A-PREPAYMENT FUND				0.000	1,570,637.50	6.349			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	77,582.78	0.314			
RECYCLE WATER PROJECT 2007A-MMF				0.000	924.30	0.004			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	635,675.01	2.570			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK				07-23-13	1.750	87,000.00	0.352		
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD				07-23-13	1.800	90,000.00	0.364		
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN				10-31-11	4.400	2,056,289.46	8.313		

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RWC 2005A FHLMC-RESERVE FUND			10-18-13	0.850	2,100,000.00	8.489			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.100	47,415.22	0.192			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.460	6,324,718.23	25.568			
2007 WATER REV BONDS - LAIF				0.560	3,447,984.26	13.939			
Total with Fiscal Agents					24,737,074.27	100.0			
TOTAL BOTH PORTFOLIOS					<u>140,997,878.61</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 2011:

\$65,000,000.00	securities
\$95,000.00	cds
\$51,165,804.34	liquids

\$116,260,804.34	securities & liquid = "idle funds"
\$95,000.00	cds
\$51,165,804.34	liquids
3,070,560.00	FHLMC
3,002,130.00	FNMA
3,000,600.00	FNMA
3,001,200.00	FNMA

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

31 JAN 2011

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 3,002,460.00 FNMA

\$66,337,754.34 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 JAN 2011 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$58,082,902.17	\$66,337,754.34
	2 \$58,082,902.17	\$61,873,432.00
	3 \$29,041,451.09	\$55,876,672.00