

REPORT

To the Honorable Mayor and City Council
From the City Manager

August 18, 2010

Subject

Monthly Investment Report for Period Ending July 31, 2010.

Background

The attached investment report indicates that on July 31, 2010 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$112,341,433.46 were invested producing an average yield of 1.416%. The target Fed Funds rate for July 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 July:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Mortgage Corp	07/08/2010	\$3,000,000.00	1.550 %	07/08/2013
Federal Home Loan Bank	07/12/2010	\$3,000,000.00	1.400 %	07/12/2013
Federal Home Loan Bank	07/15/2010	\$3,000,000.00	1.450 %	07/15/2013
Fannie Mae	07/19/2010	\$3,000,000.00	1.125 %	07/19/2013
Federal Home Loan Mortgage Corp	07/26/2010	\$1,500,000.00	1.000 %	07/26/2013
Federal Home Loan Mortgage Corp	07/26/2010	\$3,000,000.00	1.400 %	07/26/2013
Federal Home Loan Bank	07/29/2010	\$1,500,000.00	1.250 %	07/29/2013

Securities matured or called in the month of July:

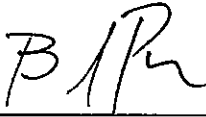
Investment Type	Date Called/ Matured	Par Amount	Interest Rate
Fannie Mae	07/01/2010	\$3,000,000.00	4.250 %
Fannie Mae	07/06/2010	\$3,000,000.00	2.375 %
Fannie Mae	07/16/2010	\$3,000,000.00	1.500 %
Fannie Mae	07/19/2010	\$3,000,000.00	1.000 %
Fannie Mae	07/27/2010	\$1,000,000.00	2.000 %

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:

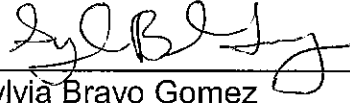
Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$56,123,216.73	\$112,736,008.46
With maturity greater than one year (max)	\$56,123,216.73	\$45,210,195.00
With maturity greater than two year (max)	\$28,061,608.37	\$42,201,765.00

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

As of July 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 JUL 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	08-28-07	1,963,680.00	08-13-10	4.790	2,000,000.00	1.780	2,002,500.00	0.00	
Federal National Mortgage Assoc.	02-16-10	2,000,000.00	08-16-10	1.500	2,000,000.00	1.780	2,000,620.00	0.00	08-16-10
Federal Home Loan Bank	08-24-09	3,000,000.00	08-24-10	2.150	3,000,000.00	2.670	3,002,820.00	0.00	08-24-10
Federal Home Loan Bank	05-24-10	3,000,000.00	08-24-10	1.375	3,000,000.00	2.670	3,000,930.00	0.00	08-24-10
Federal Home Loan Bank	09-26-07	3,050,190.00	09-10-10	4.513	3,000,000.00	2.670	3,016,890.00	0.03	
Federal Home Loan Bank	10-10-07	1,989,260.00	10-22-10	4.567	2,000,000.00	1.780	2,018,120.00	0.04	
Federal Home Loan Mortgage Corp.	12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.670	3,142,500.00	0.29	
Federal National Mortgage Assoc.	(1) 10-27-09	3,000,000.00	07-27-12	1.700	3,000,000.00	2.670	3,008,430.00	0.64	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	2.670	3,088,140.00	0.69	
Federal Home Loan Bank	(1) 02-25-10	3,000,000.00	02-25-13	1.875	3,000,000.00	2.670	3,002,820.00	0.83	08-25-10
Federal Home Loan Bank	(1) 03-25-10	3,000,000.00	03-25-13	1.125	3,000,000.00	2.670	3,002,820.00	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	2.670	3,012,180.00	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	2.670	3,002,820.00	0.93	03-17-11
Federal Home Loan Bank	(1) 06-28-10	3,000,000.00	06-28-13	1.000	3,000,000.00	2.670	3,007,500.00	0.93	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	2.670	3,008,730.00	0.93	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	2.670	3,031,830.00	0.93	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	2.670	3,005,280.00	0.93	10-08-10
Federal Home Loan Bank	(1) 07-12-10	3,000,000.00	07-12-13	1.400	3,000,000.00	2.670	3,018,750.00	0.93	01-12-12
Federal Home Loan Bank	(1) 07-15-10	3,000,000.00	07-15-13	1.450	3,000,000.00	2.670	3,003,750.00	0.96	10-15-10
Federal National Mortgage Assoc.	(1) 07-19-10	3,000,000.00	07-19-13	1.125	3,000,000.00	2.670	3,001,890.00	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	2.670	3,010,170.00	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	1.335	1,501,800.00	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	1.335	1,503,285.00	0.48	10-29-10
Total Securities		63,261,130.00		1.828	63,000,000.00	56.079	63,394,575.00	13.68	
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-10	95,000.00	03-03-11	0.650	95,000.00	0.085		0.01	
Total Certificate of Deposits				0.650	95,000.00	0.085		0.01	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.531	18,067,847.21	16.083		0.16	

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

31 JUL 2010

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 - CITY OF REDWOOD CITY				1.120	22,483,764.51	20.014		0.20	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.120	8,694,821.74	7.740		0.08	
Total Liquid Accounts				0.904	49,246,433.46	43.836		0.44	
SUB-TOTAL				(average weighted yield) 1.416	112,341,433.46	100.00		14.13	
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	4.170	1,185,187.50	4.835			
1998 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	25,500.00	0.104			
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	57,938.32	0.236			
2000A PACIFIC SHORES-TRAFFIC MITIGATION FUND-MMF				0.000	567.80	0.002			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	369,631.98	1.508			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	2.020	1,075,000.00	4.385			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	18,727.92	0.076			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	219,990.78	0.897			
2003A RDA TAX ALLOCATIONS BONDS -I7R FUND-MMF				0.000	0.38				
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	380,058.59	1.550			
2005A WATER REVENUE BONDS-I&R FUND-MMF				0.000	657,355.63	2.682			
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	6.119			
2006A WATER REVENUE BONS - I&R FUND-MMF				0.000	497,351.89	2.029			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	3.879			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	51,782.92	0.211			
RECYCLE WATER PROJECT 2007A-MMF				0.000	208.53	0.001			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	310,675.01	1.267			
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.390	2,056,289.46	8.389			
RWC 2002A IMP FD PROJ TRF MITIG-CD			12-23-10	0.150	116,000.00	0.473			
RWC 2002A IMP FD PROJ TRF MITIG-CD			12-23-10	0.300	240,000.00	0.979			
RWC 2005A FHLMC-RESERVE FUND			04-15-13	2.080	2,100,000.00	8.567			
RWC 2005A STATE BANK OF INDIA-CD			07-23-13	1.710	87,000.00	0.355			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.000	47,406.25	0.193			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			

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

31 JUL 2010

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2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.560	6,316,559.33	25.768			
2007 WATER REV BONDS - LAIF				0.560	6,246,516.61	25.483			
Total with Fiscal Agents					24,512,897.91	100.0			
TOTAL BOTH PORTFOLIOS					<u>136,854,331.37</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 JUL 2010:

\$63,000,000.00 securities
 \$95,000.00 cds
 \$49,246,433.46 liquids

 \$112,341,433.46 securities & liquid = "idle funds"

\$95,000.00 cds
 \$49,246,433.46 liquids
 2,002,500.00 FHLB
 2,000,620.00 FNMA
 3,002,820.00 FHLB
 3,000,930.00 FHLB
 3,016,890.00 FHLB
 2,018,120.00 FHLB
 3,142,500.00 FHLMC

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31 JUL 2010

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
3,008,430.00									
3,088,140.00									
3,002,820.00									
3,002,820.00									
3,012,180.00									
3,002,820.00									
3,007,500.00									
3,008,730.00									
3,031,830.00									
3,005,280.00									
3,018,750.00									
3,003,750.00									
3,001,890.00									
3,010,170.00									
1,501,800.00									
1,503,285.00									

 \$112,736,008.46 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 JUL 2010 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$56,123,216.73	\$112,736,008.46
	2 \$56,123,216.73	\$45,210,195.00
	3 \$28,061,608.37	\$42,201,765.00