

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

July 21, 2011

## Subject

Monthly Investment Report for Period Ending June 30, 2011.

## Background

The attached investment report indicates that on June 30, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$128,997,813.76 were invested producing an average yield of 1.012%. The target Fed Funds rate for June 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) and all of these investments are in compliance with the City policy.

Securities purchased in the month of June:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Bank	06/06/2011	\$3,000,000.00	1.250%	06/06/2014
Federal Home Loan Bank	06/13/2011	\$3,000,000.00	1.150%	06/13/2014
Federal Home Loan Mortgage Corp.	06/23/2011	\$3,000,000.00	1.150%	06/23/2014
Fannie Mae	06/27/2011	\$3,000,000.00	1.000%	06/27/2014

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Mortgage Corp.	06/07/2011	\$ 3,000,000.00	1.000 %
Federal Farm Credit	06/10/2011	\$ 3,000,000.00	1.040 %
Federal Home Loan Bank	06/10/2011	\$ 3,000,000.00	1.050 %
Federal Home Loan Mortgage Corp.	06/24/2011	\$ 3,000,000.00	1.200 %
Federal Home Loan Mortgage Corp.	06/24/2011	\$ 3,000,000.00	1.200 %
Federal Home Loan Mortgage Corp.	06/30/2011	\$ 3,000,000.00	0.750 %

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)	\$ 64,451,406.88	\$ 123,196,533.76
With maturity greater than one year (max)	\$ 64,451,406.88	\$ 60,175,800.00
With maturity greater than two year (max)	\$ 32,225,703.44	\$ 51,165,270.00

Investment brokers used to purchase securities for the City this month were Morgan Stanley Smith Barney and Cantor Fitzgerald.

As of June 30, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.



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Brian J. Ponty  
Director of Finance



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Sylvia Bravo Peters  
Deputy Treasurer

c: Robert Bell, City Manager

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

30 JUN 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$) (2)	Average MATURITY (Months)	NEXT CALL DATE
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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	2.326	3,007,350.00	0.00	
Federal Home Loan Mortgage Corp.	01-26-11	3,000,000.00	07-26-11	0.750	3,000,000.00	2.326	3,000,870.00	0.00	07-26-11
Federal Home Loan Mortgage Corp.	(1) 02-25-11	3,000,000.00	02-25-13	1.000	3,000,000.00	2.326	3,003,570.00	0.47	08-25-11
Federal Home Loan Mortgage Corp.	(1) 10-29-10	3,000,000.00	04-29-13	0.700	3,000,000.00	2.326	3,001,230.00	0.51	07-29-11
Federal National Mortgage Assoc.	(1) 09-27-10	3,000,000.00	06-27-13	1.000	3,000,000.00	2.326	3,005,730.00	0.56	09-27-11
Federal Home Loan Bank	(1) 11-01-10	3,000,000.00	08-01-13	0.750	3,000,000.00	2.326	3,000,180.00	0.58	
Federal Home Loan Mortgage Corp.	(1) 02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.326	3,013,650.00	0.58	02-15-12
Federal National Mortgage Assoc.	(1) 08-19-10	3,000,000.00	08-19-13	1.250	3,000,000.00	2.326	3,003,570.00	0.60	08-19-11
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.326	3,004,290.00	0.60	09-09-11
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.326	3,033,870.00	0.63	
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.326	3,001,320.00	0.65	10-28-11
Fed Farm Credit	(1) 11-12-10	3,000,000.00	11-12-13	0.790	3,000,000.00	2.326	3,000,210.00	0.65	
Federal National Mortgage Assoc.	(1) 11-26-10	3,000,000.00	11-26-13	1.000	3,000,000.00	2.326	3,002,850.00	0.67	08-26-11
Federal Home Loan Bank	(1) 03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.326	3,024,450.00	0.77	03-28-12
Federal Home Loan Mortgage Corp.	(1) 04-11-11	3,000,000.00	04-11-14	1.450	3,000,000.00	2.326	3,009,000.00	0.77	10-11-11
Fed Farm Credit	(1) 05-02-11	3,000,000.00	05-02-14	1.340	3,000,000.00	2.326	3,017,970.00	0.79	05-02-12
Federal Home Loan Bank	(1) 05-16-11	3,000,000.00	05-16-14	1.320	3,000,000.00	2.326	3,024,750.00	0.81	05-16-12
Federal Home Loan Bank	(1) 05-23-11	3,000,000.00	05-23-14	1.125	3,000,000.00	2.326	3,015,960.00	0.81	05-23-12
Federal Home Loan Bank	(1) 06-06-11	3,000,000.00	06-06-14	1.250	3,000,000.00	2.326	3,015,690.00	0.81	06-06-12
Federal Home Loan Bank	(1) 06-13-11	3,000,000.00	06-13-14	1.150	3,000,000.00	2.326	3,012,210.00	0.81	06-13-12
Federal Home Loan Mortgage Corp.	(1) 06-23-11	3,000,000.00	06-23-14	1.150	3,000,000.00	2.326	2,996,430.00	0.84	12-23-11
Federal National Mortgage Assoc.	(1) 06-27-11	3,000,000.00	06-27-14	1.000	3,000,000.00	2.326	2,988,870.00	0.84	06-27-12
Total Securities		66,209,580.00		1.144	66,000,000.00	51.164	66,184,020.00	13.77	
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CERTIFICATE OF DEPOSITS									
CERTIFICATE OF DEPOSIT	03-03-11	95,000.00	03-03-12	0.450	95,000.00	0.074		0.01	
Total Certificate of Deposits				0.450	95,000.00	0.074		0.01	
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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.448	42,854,271.27	33.221		0.33	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				1.810	12,204,856.12	9.461		0.09	

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

30 JUN 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				1.810	7,843,686.37	6.080		0.06	
Total Liquid Accounts				0.882	62,902,813.76	48.763		0.49	
SUB-TOTAL (average weighted yield)				1.012	128,997,813.76	100.00		14.26	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				0.000	1.37				
1998 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.050	1,238,679.05	4.796			
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	57,977.21	0.224			
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	1.67				
2001A RWC TRANS IMPROVMT - CITIBANK CD				08-26-13	1.000	182,000.00	0.705		
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD				09-03-13	1.250	182,000.00	0.705		
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF					0.000	4.14			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF					0.000	8,251.05	0.032		
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF					0.000	1,110,256.05	4.299		
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF					0.000	108,909.34	0.422		
2003B IMPRV PHASE 2 - SYNOVUS BANK CD				03-02-12	0.006	187,000.00	0.724		
2003B IMPRV PHASE2 - GE MONEY CD				08-27-13	0.015	150,000.00	0.581		
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF					0.000	44,770.91	0.173		
2005A WATER REVENUE BONDS-RESERVE FUND -MMF					0.000	32,440.07	0.126		
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET					0.000	23,478.75	0.091		
2006A WATER REV BONDS-FHLMC-RESERVE FUND				10-18-13	0.850	1,500,000.00	5.808		
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				02-01-35	5.451	950,950.00	3.682		
RDA PROJECT AREA #2 SERIES 2003A-SPECIAL FUND					0.000	1,571,091.06	6.083		
RECYCLE WATER 2007 RESERVE FUND -MMF					0.000	582.78	0.002		
RECYCLE WATER PROJECT 2007A-MMF					0.000	1,457.40	0.006		
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK				07-23-13	1.750	87,000.00	0.337		
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD				07-23-13	1.800	90,000.00	0.348		
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN				10-31-11	4.400	2,050,000.00	7.937		
RWC 2005A FHLMC-RESERVE FUND				10-18-13	0.850	2,100,000.00	8.131		
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT					0.050	630,981.04	2.443		
RWC ONE MARINA 2011 COST OF ISSUANCE FUND					0.050	14,943.87	0.058		
RWC ONE MARINA 2011 IMPROVEMENT FUND					0.050	3,356,092.16	12.995		
RWC ONE MARINA 2011 RESERVE FUND					0.050	509,252.90	1.972		
RWC PACIFIC SHORE PROJECT SPECIAL TAX 2000 - FHLMC				08-12-11	0.130	356,809.20	1.382		

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

30 JUN 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	4.15				
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.050	47,415.35	0.184			
RWC PACIFIC SHORES PROJECT SPECIAL TAX 2000-FHLMC				0.050	213.71	0.001			
RWC PFA WATER 2007A-CD BANCO SANTANDER P R SAN JUAN			11-14-11	0.400	77,000.00	0.298			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.000	6,339,904.42	24.548			
2007 WATER REV BONDS - LAIF				0.560	2,816,426.52	10.905			
Total with Fiscal Agents					25,826,854.34	100.0			
TOTAL BOTH PORTFOLIOS					<u>154,824,668.10</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 JUN 2011:

\$66,000,000.00	securities
\$95,000.00	cds
\$62,902,813.76	liquids
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\$128,997,813.76	securities & liquid = "idle funds"
\$95,000.00	cds
\$62,902,813.76	liquids
3,007,350.00	FHLMC
3,000,870.00	FHLMC

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

30 JUN 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
	3,003,570.00	FHLMC							
	3,001,230.00	FHLMC							
	3,005,730.00	FNMA							
	3,000,180.00	FHLB							
	3,013,650.00	FHLMC							
	3,003,570.00	FNMA							
	3,004,290.00	FHLB							
	3,033,870.00	FNMA							
	3,001,320.00	FHLB							
	3,000,210.00	FFC							
	3,002,850.00	FNMA							
	3,024,450.00	FHLB							
	3,009,000.00	FHLMC							
	3,017,970.00	FFC							
	3,024,750.00	FHLB							
	3,015,960.00	FHLB							
	3,015,690.00	FHLB							
	3,012,210.00	FHLB							

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 \$123,196,533.76 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)

30 JUN 2011 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$64,451,406.88	\$123,196,533.76
	2 \$64,451,406.88	\$60,175,800.00
	3 \$32,225,703.44	\$51,165,270.00