

REPORT

To the Honorable Mayor and City Council
From the City Manager

April 12, 2011

Subject

Monthly Investment Report for Period Ending March 31, 2011.

Background

The attached investment report indicates that on March 31, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$115,135,512.58 were invested producing an average yield of 0.914%. The target Fed Funds rate for March 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 March:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Mortgage Corp.	03/07/2011	\$3,000,000.00	1.000%	03/07/2014
Federal Home Loan Bank	03/28/2011	\$3,000,000.00	1.400%	03/28/2014

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

Investment Type	Date	Par Amount	Interest Rate
Certificate of Deposit	03/03/2011	\$ 95,000.00	0.850 %
Federal Home Loan Bank	03/15/2011	\$ 3,000,000.00	0.600 %

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)	\$ 57,520,256.90	\$ 52,190,342.58
With maturity greater than one year (max)	\$ 57,520,256.90	\$ 79,687,120.00
With maturity greater than two year (max)	\$ 28,760,128.15	\$ 67,696,660.00

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

As of March 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

INVESTMENT PORTFOLIO

31 MAR 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	2.606	3,046,260.00	0.08	
Federal Home Loan Bank	(1) 11-23-10	3,000,000.00	08-23-12	0.500	3,000,000.00	2.606	2,996,430.00	0.44	05-23-11
Federal Home Loan Mortgage Corp.	(1) 01-26-11	3,000,000.00	10-26-12	0.750	3,000,000.00	2.606	2,994,330.00	0.50	07-26-11
Fed Farm Credit	(1) 02-04-11	3,000,000.00	02-04-13	0.800	3,000,000.00	2.606	2,995,890.00	0.57	05-04-11
Federal Home Loan Mortgage Corp.	(1) 02-25-11	3,000,000.00	02-25-13	1.000	3,000,000.00	2.606	3,003,810.00	0.60	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	2.606	2,982,060.00	0.65	04-29-11
Federal Home Loan Bank	(1) 02-03-11	3,000,000.00	05-03-13	1.000	3,000,000.00	2.606	3,000,000.00	0.65	05-03-11
Federal National Mortgage Assoc.	(1) 09-27-10	3,000,000.00	06-27-13	1.000	3,000,000.00	2.606	2,991,360.00	0.70	09-27-11
Federal Home Loan Bank	(1) 11-01-10	3,000,000.00	08-01-13	0.750	3,000,000.00	2.606	2,969,010.00	0.73	
Federal National Mortgage Assoc.	(1) 08-02-10	3,000,000.00	08-02-13	1.000	3,000,000.00	2.606	3,001,110.00	0.73	05-02-11
Federal Home Loan Mortgage Corp.	(1) 02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.606	2,990,820.00	0.73	02-15-12
Federal National Mortgage Assoc.	(1) 08-19-10	3,000,000.00	08-19-13	1.250	3,000,000.00	2.606	2,992,200.00	0.76	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	2.606	2,987,640.00	0.76	05-23-11
Federal Home Loan Bank	(1) 08-30-10	2,000,000.00	08-28-13	0.600	2,000,000.00	1.737	2,001,310.00	0.50	08-28-11
Federal Home Loan Bank	(1) 08-30-10	3,000,000.00	08-28-13	0.500	3,000,000.00	2.606	2,997,270.00	0.76	05-28-11
Federal Home Loan Bank	(1) 09-03-10	3,000,000.00	09-03-13	1.050	3,000,000.00	2.606	2,984,190.00	0.76	
Fed Farm Credit	(1) 09-09-10	3,000,000.00	09-09-13	1.040	3,000,000.00	2.606	2,981,700.00	0.76	03-09-11
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.606	2,979,000.00	0.76	09-09-11
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.606	2,998,230.00	0.78	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	2.606	2,982,450.00	0.78	06-24-11
Federal Home Loan Mortgage Corp.	(1) 09-24-10	3,000,000.00	09-24-13	1.200	3,000,000.00	2.606	2,982,450.00	0.78	06-24-11
Federal Home Loan Mortgage Corp.	(1) 09-30-10	3,000,000.00	09-30-13	0.750	3,000,000.00	2.606	2,998,410.00	0.78	06-30-11
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.606	2,958,990.00	0.81	04-28-11
Fed Farm Credit	(1) 11-12-10	3,000,000.00	11-12-13	0.790	3,000,000.00	2.606	2,964,060.00	0.81	
Federal National Mortgage Assoc.	(1) 11-26-10	3,000,000.00	11-26-13	1.000	3,000,000.00	2.606	2,960,460.00	0.83	05-26-11
Federal Home Loan Mortgage Corp.	(1) 02-11-11	3,000,000.00	02-11-14	1.000	3,000,000.00	2.606	3,000,750.00	0.89	05-11-11
Federal Home Loan Mortgage Corp.	(1) 03-07-11	3,000,000.00	03-07-14	1.000	3,000,000.00	2.606	3,001,590.00	0.91	06-07-11
Federal Home Loan Bank	(1) 03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.606	2,991,600.00	0.94	03-28-12
Total Securities		83,209,580.00		1.011	83,000,000.00	72.089	82,733,380.00	19.73	

CERTIFICATE OF DEPOSITS									
ED CRUZ	03-03-11	95,000.00	03-03-12	0.450	95,000.00	0.083		0.01	

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

31 MAR 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$) (2)	Average MATURITY (Months)	NEXT CALL DATE
Total Certificate of Deposits				0.450	95,000.00	0.083		0.01	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.500	20,696,281.99	17.976		0.18	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				1.010	8,612,390.08	7.480		0.07	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.010	2,731,840.51	2.373		0.02	
Total Liquid Accounts				0.681	32,040,512.58	27.829		0.28	
SUB-TOTAL (average weighted yield)				0.914	115,135,512.58	100.00		20.02	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
1998 CITY HALL COP - RESERVE FUND - LAIF				0.000	0.06				
1998 LEAVE REVENUE REFUNDING BONDS - I&R FUND				0.000	1.37				
1998 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.100	1,238,453.40	5.721			
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	57,968.32	0.268			
2001A RWC TRANS IMPROVMT - CITIBANK CD			08-26-13	1.000	182,000.00	0.841			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.250	182,000.00	0.841			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	7,677.62	0.035			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	2.040	1,075,000.00	4.966			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	29,746.67	0.137			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.503			
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	0.864			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.693			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	44,770.91	0.207			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	23,515.07	0.109			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	17,103.75	0.079			
2006A WATER REV BONDS-FHLMC-RESERVE FUND			10-18-13	0.850	1,500,000.00	6.929			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	4.393			
RDA PROJECT AREA #2 SERIES 2003A-PREPAYMENT FUND				0.000	1,570,637.50	7.255			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	582.78	0.003			
RECYCLE WATER PROJECT 2007A-MMF				0.000	856.44	0.004			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.402			

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

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.416			
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.400	2,056,289.46	9.499			
RWC 2005A FHLMC-RESERVE FUND			10-18-13	0.850	2,100,000.00	9.701			
RWC PACIFIC SHORE PROJECT SPECIAL TAX 2000 - FHLMC			08-12-11	0.130	356,809.20	1.648			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	3.16				
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.100	7.15				
RWC PACIFIC SHORES PROJECT SPECIAL TAX 2000-FHLMC				0.000	206.83	0.001			
RWC PFA WATER 2007A-CD BANCO SANTANDER P R SAN JUAN			11-14-11	0.400	77,000.00	0.356			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.000	6,331,982.81	29.250			
2007 WATER REV BONDS - LAIF				0.560	3,220,129.38	14.875			
Total with Fiscal Agents					21,647,565.91	100.0			
TOTAL BOTH PORTFOLIOS					<u>136,783,078.49</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 MAR 2011:

\$83,000,000.00 securities
\$95,000.00 cds
\$32,040,512.58 liquids

\$115,135,512.58 securities & liquid = "idle funds"

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31 MAR 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		\$95,000.00							
		\$32,040,512.58							
		3,046,260.00							
		3,003,810.00							
		3,000,000.00							
		3,001,110.00							
		2,001,310.00							
		3,000,750.00							
		3,001,590.00							

		\$52,190,342.58	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 MAR 2011 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$57,520,256.29	\$52,190,342.58
	2 \$57,520,256.29	\$79,687,120.00
	3 \$28,760,128.15	\$67,696,660.00