

REPORT

To the Honorable Mayor and City Council
From the City Manager

June 15, 2016

Subject

Monthly Investment Report for Period Ending May 31, 2016.

Background

The attached investment report indicates that on May 31, 2016 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$226,946,048.41 were invested producing an average yield of 0.898%. The target Fed Funds rate was 0.50% in May. The report represents all securities in which City funds, including all trust funds and agency funds, are invested (excluding deferred compensation plans). All of these investments are in compliance with the City policy, with the exception noted below.

Securities purchased in the month of May:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Mortgage Corp	05/18/2016	\$ 3,000,000.00	0.750%	04/09/2018
Fannie Mae	05/24/2016	\$ 3,000,000.00	1.200%	05/24/2019
Federal Home Loan Mortgage Corp	05/25/2016	\$ 3,000,000.00	1.000%	05/25/2018
Federal Home Loan Mortgage Corp	05/27/2016	\$ 3,000,000.00	1.125%	05/24/2019

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Bank	05/11/2016	\$ 3,000,000.00	1.050%
Federal Home Loan Mortgage Corp	05/18/2016	\$ 3,000,000.00	1.100%
Federal Home Loan Bank	05/18/2016	\$ 3,000,000.00	1.080%
Federal Home Loan Bank	05/20/2016	\$ 3,000,000.00	1.000%
Federal Home Loan Mortgage Corp	05/23/2016	\$ 3,000,000.00	1.000%
Federal Home Loan Mortgage Corp	05/27/2016	\$ 3,000,000.00	1.000%

The City's investment policy requires that approximately 50% of idle funds be placed in liquid investments (i.e., investments that can be sold for face value in the open market if needed), 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)	\$ 113,473,024.21	\$ 158,034,208.41
With maturity greater than one year (max)	\$ 113,473,024.21	\$ 132,980,130.00*
With maturity greater than two year (max)	\$ 56,736,512.10	\$ 30,019,560.00

**If held to maturity: currently, more than 50% of idle funds are invested in securities with a maturity date greater than one year. This is the result of three-year callable bonds, purchased due to their higher yield, being called early as interest rates change, thus restarting the term as these funds are reinvested.*

The investment brokers used to purchase securities for the City this month were Mischler Financial Group, and Morgan Stanley Smith Barney.

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



Starla Jerome-Robinson
Interim Director of Finance / Treasurer



Sylvia Bravo Peters
Management Analyst / Deputy Treasurer

c: Melissa Stevenson Diaz, City Manager

INVESTMENT PORTFOLIO

31 MAY 2016

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.	06-16-15	3,000,000.00	06-16-16	0.850	3,000,000.00	1.322	3,000,480.00	0.00	
Federal Home Loan Mortgage Corp.	06-16-15	3,000,000.00	06-16-16	0.850	3,000,000.00	1.322	3,000,480.00	0.00	
Federal Home Loan Mortgage Corp.	12-18-15	3,000,000.00	06-18-16	1.125	3,000,000.00	1.322	3,000,060.00	0.00	
Fed Farm Credit	04-28-15	3,000,588.00	04-21-17	0.590	3,000,000.00	1.322	2,996,610.00	0.13	
Fed Farm Credit	(1) 06-05-15	3,000,000.00	06-05-17	0.700	3,000,000.00	1.322	2,998,500.00	0.16	
Fed Farm Credit	(1) 09-01-15	3,000,000.00	08-18-17	0.809	3,000,000.00	1.322	3,000,120.00	0.19	
Federal Home Loan Mortgage Corp.	(1) 02-25-16	3,000,000.00	08-25-17	0.800	3,000,000.00	1.322	2,999,220.00	0.20	
Federal National Mortgage Assoc.	(1) 11-14-14	2,998,140.00	09-20-17	1.020	3,000,000.00	1.322	3,006,120.00	0.20	
Fed Farm Credit	(1) 09-28-15	3,000,000.00	09-28-17	0.810	3,000,000.00	1.322	2,993,940.00	0.21	
Federal Home Loan Mortgage Corp.	(1) 09-29-15	3,000,000.00	09-29-17	1.000	3,000,000.00	1.322	3,000,300.00	0.21	
Federal Home Loan Mortgage Corp.	(1) 01-07-16	4,984,200.00	10-06-17	1.057	5,000,000.00	2.203	5,000,050.00	0.35	
Federal Home Loan Mortgage Corp.	(1) 10-27-15	3,000,000.00	10-27-17	0.750	3,000,000.00	1.322	2,995,980.00	0.22	
Federal Home Loan Mortgage Corp.	(1) 10-30-15	3,000,000.00	10-27-17	0.720	3,000,000.00	1.322	2,997,690.00	0.22	
Fed Farm Credit	(1) 11-06-14	2,997,375.00	11-06-17	1.030	3,000,000.00	1.322	3,004,080.00	0.22	
Federal Home Loan Mortgage Corp.	(1) 11-16-15	3,000,000.00	11-16-17	0.750	3,000,000.00	1.322	2,994,720.00	0.22	
Federal Home Loan Mortgage Corp.	(1) 11-24-15	3,000,000.00	11-24-17	0.850	3,000,000.00	1.322	2,998,320.00	0.24	
Federal Home Loan Mortgage Corp.	(1) 11-24-15	3,000,000.00	11-24-17	0.850	3,000,000.00	1.322	2,998,320.00	0.24	
Federal Home Loan Mortgage Corp.	(1) 06-30-15	2,999,580.00	12-01-17	1.030	3,000,000.00	1.322	3,004,710.00	0.24	
Federal Home Loan Mortgage Corp.	(1) 12-28-15	2,999,550.00	12-28-17	1.007	3,000,000.00	1.322	3,000,240.00	0.25	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	12-29-17	1.100	3,000,000.00	1.322	3,000,840.00	0.25	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	12-29-17	1.000	3,000,000.00	1.322	3,000,060.00	0.25	
Federal Home Loan Bank	(1) 12-29-15	3,000,000.00	12-29-17	1.010	3,000,000.00	1.322	3,003,030.00	0.25	
Federal Home Loan Mortgage Corp.	(1) 09-23-15	2,996,550.00	01-12-18	0.800	3,000,000.00	1.322	2,994,060.00	0.25	
Federal Home Loan Mortgage Corp.	(1) 10-19-15	3,000,000.00	01-19-18	1.000	3,000,000.00	1.322	3,000,090.00	0.25	
Federal Home Loan Mortgage Corp.	(1) 10-30-15	3,000,000.00	01-26-18	0.850	3,000,000.00	1.322	2,990,190.00	0.26	
Federal Home Loan Mortgage Corp.	(1) 03-23-16	3,000,000.00	01-29-18	1.000	3,000,000.00	1.322	3,000,210.00	0.26	
Federal National Mortgage Assoc.	(1) 02-13-15	3,000,000.00	02-13-18	1.000	3,000,000.00	1.322	3,002,160.00	0.26	
Federal Home Loan Mortgage Corp.	(1) 02-26-16	3,000,000.00	02-26-18	1.050	3,000,000.00	1.322	3,002,400.00	0.28	
Federal Home Loan Mortgage Corp.	(1) 02-26-16	3,000,000.00	02-26-18	0.750	3,000,000.00	1.322	2,995,590.00	0.28	
Federal Home Loan Mortgage Corp.	(1) 09-09-15	2,996,304.90	03-07-18	0.925	3,000,000.00	1.322	2,996,700.00	0.28	
Federal Home Loan Bank	(1) 03-29-16	3,000,000.00	03-29-18	1.000	3,000,000.00	1.322	2,998,380.00	0.29	
Federal Home Loan Mortgage Corp.	(1) 03-29-16	3,000,000.00	03-29-18	1.000	3,000,000.00	1.322	3,000,330.00	0.29	
Federal Home Loan Mortgage Corp.	(1) 05-18-16	2,997,180.00	04-09-18	0.800	3,000,000.00	1.322	2,989,050.00	0.29	
Federal Home Loan Mortgage Corp.	(1) 04-11-16	3,000,000.00	04-11-18	1.050	3,000,000.00	1.322	3,000,600.00	0.29	
Fed Farm Credit	(1) 04-13-15	3,000,000.00	04-13-18	1.080	3,000,000.00	1.322	2,992,020.00	0.29	

I N V E S T M E N T P O R T F O L I O
31 MAY 2016

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
Federal Home Loan Bank	(1) 01-27-16	5,000,000.00	04-27-18	1.250	5,000,000.00	2.203	5,005,550.00	0.51	
Federal Home Loan Mortgage Corp.	(1) 05-25-16	3,000,000.00	05-25-18	1.000	3,000,000.00	1.322	2,997,000.00	0.32	05-25-17
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	06-29-18	1.300	3,000,000.00	1.322	3,001,200.00	0.33	
Federal Home Loan Bank	(1) 06-29-15	3,000,000.00	06-29-18	1.200	3,000,000.00	1.322	2,998,290.00	0.33	
Federal Home Loan Bank	(1) 08-24-15	3,000,000.00	08-24-18	1.275	3,000,000.00	1.322	3,003,960.00	0.36	
Federal Home Loan Mortgage Corp.	(1) 09-18-15	3,000,000.00	09-18-18	1.300	3,000,000.00	1.322	3,048,930.00	0.37	
Federal Home Loan Mortgage Corp.	(1) 09-28-15	3,000,000.00	09-28-18	1.200	3,000,000.00	1.322	3,002,160.00	0.37	
Federal Home Loan Mortgage Corp.	(1) 04-29-16	3,000,000.00	10-29-18	1.125	3,000,000.00	1.322	2,990,400.00	0.38	
Federal Home Loan Mortgage Corp.	(1) 04-26-16	3,000,000.00	04-26-19	1.150	3,000,000.00	1.322	2,986,680.00	0.46	
Federal Home Loan Mortgage Corp.	(1) 04-29-16	3,000,000.00	04-29-19	1.300	3,000,000.00	1.322	2,998,440.00	0.46	
Federal Home Loan Mortgage Corp.	(1) 05-27-16	3,000,000.00	05-24-19	1.250	3,000,000.00	1.322	2,996,370.00	0.48	
Federal National Mortgage Assoc.	(1) 05-24-16	3,000,000.00	05-24-19	1.200	3,000,000.00	1.322	2,993,130.00	0.48	
Total Securities		144,969,467.90		0.995	145,000,000.00	63.892	144,977,760.00	12.69	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.552	34,647,718.16	15.267		0.15	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.855	47,298,330.25	20.841		0.21	
Total Liquid Accounts				0.727	81,946,048.41	36.108		0.36	
SUB-TOTAL		(average weighted yield)		0.898	226,946,048.41	100.00		13.05	
CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,914.09	0.815			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN				11-07-16	1,560,983.57	11.677			
2003A RDA TAX ALLOCATION BONDS-INTEREST FUND				0.000	0.07				
2003A RDA TAX ALLOCATION BONDS-PRINCIPAL FUND				0.000	3.33				
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEME				5.451	950,950.00	7.114			
2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC				0.870	733,352.00	5.486			
2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF				0.000	0.17				
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.010	12,373.35	0.093			
2015 WATER REV BONDS-DELIVERY COSTS FUND-MONEY MARKET				0.100	25,885.32	0.194			
2015 WATER REV BONDS-GOOD FAITH DEPOSIT FUND				0.000	1.35				
2015 WATER REV BONDS-PAYMENT FUND				0.000	2.91				

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

31 MAY 2016

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
2015 WATER REV BONDS-PAYMENT FUND				0.090	11.63				
2015 WATER REV BONDS-RESERVE FUND-MONEY MARKET				0.100	1,422,028.61	10.638			
ONE MARINA CFD CAPITALIZED INTEREST				0.000	4.04				
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,640.15	0.192			
RECYCLE WATER PROJECT 2007A-MMF				0.000	776.86	0.006			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	51,867.53	0.388			
RWC ONE MARINA 2011 RESERVE FUND				0.870	509,336.00	3.810			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.000	0.01				
RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.870	551,278.40	4.124			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.010	12,584.86	0.094			
RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC				1.470	2,000,000.00	14.961			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-MM				0.100	82,309.33	0.616			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	1,346,885.38	10.076			
TRAFFIC IMPACT FUND-CUSIP 3133EFX51			01-07-19	1.000	1,999,400.00	14.957			
TRAFFIC IMPACT FUND-CUSIP 3134G9LZ8			08-29-18	1.020	1,000,000.00	7.481			
WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT				0.000	4.07				
WATER REVENUE REFUNDING BONDS SERIES 2013-PAYMENT ACC				0.130	15.06				
WATER REVEUNE REFUNDING BONDS SERIES 2013-PAYMENT FUND				0.000	4.01				
2007 WATER REV BONDS - LAIF				0.506	973,114.94	7.280			
Total with Fiscal Agents					13,367,728.71	100.0			
TOTAL BOTH PORTFOLIOS					<u>240,313,777.12</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.

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

31 MAY 2016

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

As of 31 MAY 2016:									
\$145,000,000.00									securities
\$81,946,048.41									liquids

\$226,946,048.41									securities & liquid = "idle funds"
\$81,946,048.41									liquids
3,000,480.00									FHLMC
3,000,480.00									FHLMC
3,000,060.00									FHLMC
3,000,120.00									FFC
3,006,120.00									FNMA
3,000,300.00									FHLMC
5,000,050.00									FHLMC
3,004,080.00									FFC
3,004,710.00									FHLMC
3,000,240.00									FHLMC
3,000,840.00									FHLB
3,000,060.00									FHLB
3,003,030.00									FHLB
3,000,090.00									FHLMC
3,000,210.00									FHLMC
3,002,160.00									FNMA
3,002,400.00									FHLMC
3,000,330.00									FHLMC
3,000,600.00									FHLMC
5,005,550.00									FHLB
3,001,200.00									FHLB
3,003,960.00									FHLB
3,048,930.00									FHLMC
3,002,160.00									FHLMC

\$158,034,208.41									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:

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

31 MAY 2016

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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- 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 MAY 2016 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$113,473,024.21	\$158,034,208.41
	2 \$113,473,024.21	\$132,980,130.00
	3 \$56,736,512.10	\$30,019,560.00