

REPORT

To the Honorable Mayor and City Council
From the City Manager

June 9, 2011

Subject

Monthly Investment Report for Period Ending May 31, 2011.

Background

The attached investment report indicates that on May 31, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$129,031,831.02 were invested producing an average yield of 0.887%. The target Fed Funds rate for May 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 May:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Farm Credit	05/02/2011	\$3,000,000.00	1.340%	05/02/2014
Federal Home Loan Bank	05/16/2011	\$3,000,000.00	1.320%	05/16/2014
Federal Home Loan Bank	05/23/2011	\$3,000,000.00	1.125%	05/23/2014

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

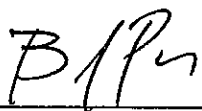
Investment Type	Date	Par Amount	Interest Rate
Fannie Mae	05/02/2011	\$ 3,000,000.00	0.750 %
Federal Home Loan Mortgage Corp.	05/11/2011	\$ 3,000,000.00	1.000 %
Federal Farm Credit	05/11/2011	\$ 3,000,000.00	0.800 %
Federal Home Loan Bank	05/23/2011	\$ 3,000,000.00	0.500 %
Federal Home Loan Mortgage Corp.	05/23/2011	\$ 3,000,000.00	1.150 %
Federal Home Loan Bank	05/27/2011	\$ 3,000,000.00	1.000 %
Federal Home Loan Bank	05/28/2011	\$ 2,000,000.00	0.600 %
Federal Home Loan Bank	05/28/2011	\$ 3,000,000.00	0.500 %

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)	\$ 64,468,415.51	\$ 123,227,461.02
With maturity greater than one year (max)	\$ 64,468,415.51	\$ 60,170,190.00
With maturity greater than two year (max)	\$ 32,234,207.76	\$ 51,160,470.00

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

As of May 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, City Manager

INVESTMENT PORTFOLIO
31 MAY 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.	03-07-11	3,000,000.00	06-07-11	1.000	3,000,000.00	2.325	3,000,330.00	0.00	06-07-11
Fed Farm Credit	09-09-10	3,000,000.00	06-10-11	1.040	3,000,000.00	2.325	3,000,360.00	0.00	06-10-11
Federal Home Loan Bank	09-03-10	3,000,000.00	06-10-11	1.050	3,000,000.00	2.325	3,000,270.00	0.00	06-10-11
Federal Home Loan Mortgage Corp.	12-09-08	3,209,580.00	07-18-11	2.467	3,000,000.00	2.325	3,020,370.00	0.02	
Federal Home Loan Mortgage Corp.	(1) 01-26-11	3,000,000.00	10-26-12	0.750	3,000,000.00	2.325	3,001,890.00	0.40	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	2.325	3,005,370.00	0.49	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	2.325	3,002,460.00	0.53	07-29-11
Federal National Mortgage Assoc.	(1) 09-27-10	3,000,000.00	06-27-13	1.000	3,000,000.00	2.325	3,007,410.00	0.58	09-27-11
Federal Home Loan Bank	(1) 11-01-10	3,000,000.00	08-01-13	0.750	3,000,000.00	2.325	3,000,180.00	0.60	
Federal Home Loan Mortgage Corp.	(1) 02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.325	3,014,550.00	0.60	02-15-12
Federal National Mortgage Assoc.	(1) 08-19-10	3,000,000.00	08-19-13	1.250	3,000,000.00	2.325	3,005,490.00	0.63	08-19-11
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.325	3,005,850.00	0.63	09-09-11
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.325	3,030,750.00	0.65	
Federal Home Loan Mortgage Corp.	(1) 09-24-10	3,000,000.00	09-24-13	1.200	3,000,000.00	2.325	3,001,410.00	0.65	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	2.325	3,001,410.00	0.65	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	2.325	3,000,000.00	0.65	06-30-11
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.325	2,998,650.00	0.67	10-28-11
Fed Farm Credit	(1) 11-12-10	3,000,000.00	11-12-13	0.790	3,000,000.00	2.325	3,000,210.00	0.67	
Federal National Mortgage Assoc.	(1) 11-26-10	3,000,000.00	11-26-13	1.000	3,000,000.00	2.325	2,997,240.00	0.70	08-26-11
Federal Home Loan Bank	(1) 03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.325	3,026,580.00	0.79	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	2.325	3,010,980.00	0.79	10-11-11
Fed Farm Credit	(1) 05-02-11	3,000,000.00	05-02-14	1.340	3,000,000.00	2.325	3,018,870.00	0.81	05-02-12
Federal Home Loan Bank	(1) 05-16-11	3,000,000.00	05-16-14	1.320	3,000,000.00	2.325	3,025,980.00	0.84	05-16-12
Federal Home Loan Bank	(1) 05-23-11	3,000,000.00	05-23-14	1.125	3,000,000.00	2.325	3,014,910.00	0.84	05-23-12
Total Securities		72,209,580.00		1.119	72,000,000.00	55.800	72,191,520.00	13.21	
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	
LIQUID ACCOUNTS									

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

31 MAY 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.413	37,804,271.27	29.298		0.29	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.980	11,288,873.38	8.749		0.09	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				0.980	7,843,686.37	6.079		0.06	
Total Liquid Accounts				0.604	56,936,831.02	44.126		0.44	
SUB-TOTAL				0.887	129,031,831.02	100.00		13.65	

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				0.007	1,238,626.45	4.740			
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	57,974.75	0.222			
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	1.67				
2001A RWC TRANS IMPROVMT - CITIBANK CD			08-26-13	1.000	182,000.00	0.696			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.250	182,000.00	0.696			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	8,057.83	0.031			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	1,110,256.05	4.249			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.417			
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	0.716			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.574			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	44,770.91	0.171			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	32,440.07	0.124			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	23,478.75	0.090			
2006A WATER REV BONDS-FHLMC-RESERVE FUND			10-18-13	0.850	1,500,000.00	5.740			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	3.639			
RDA PROJECT AREA #2 SERIES 2003A-PREPAYMENT FUND				0.000	1,570,637.50	6.010			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	582.78	0.002			
RECYCLE WATER PROJECT 2007A-MMF				0.000	688.26	0.003			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.333			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.344			
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.400	2,056,289.46	7.869			
RWC 2005A FHLMC-RESERVE FUND			10-18-13	0.850	2,100,000.00	8.036			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.050	630,955.11	2.415			

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

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
RWC ONE MARINA 2011 COST OF ISSUANCE FUND				0.050	17,423.16	0.067			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.050	3,355,925.34	12.842			
RWC ONE MARINA 2011 RESERVE FUND				0.050	509,231.98	1.949			
RWC PACIFIC SHORE PROJECT SPECIAL TAX 2000 - FHLMC			08-12-11	0.130	356,809.20	1.365			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	4.15				
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.100	47,413.40	0.181			
RWC PACIFIC SHORES PROJECT SPECIAL TAX 2000-FHLMC				0.000	213.70	0.001			
RWC PFA WATER 2007A-CD BANCO SANTANDER P R SAN JUAN			11-14-11	0.400	77,000.00	0.295			
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	24.261			
2007 WATER REV BONDS - LAIF				0.560	3,114,426.52	11.918			
Total with Fiscal Agents					26,131,936.92	100.0			
TOTAL BOTH PORTFOLIOS					<u>155,163,767.94</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 MAY 2011:

\$72,000,000.00 securities
 \$95,000.00 cds
 \$56,936,831.02 liquids

 \$129,031,831.02 securities & liquid = "idle funds"

INVESTMENT PORTFOLIO
31 MAY 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							
		\$56,936,831.02							
		3,000,330.00							
		3,000,360.00							
		3,000,270.00							
		3,020,370.00							
		3,001,890.00							
		3,005,370.00							
		3,002,460.00							
		3,007,410.00							
		3,000,180.00							
		3,014,550.00							
		3,005,490.00							
		3,005,850.00							
		3,030,750.00							
		3,001,410.00							
		3,001,410.00							
		3,000,000.00							
		3,000,210.00							
		3,026,580.00							
		3,010,980.00							
		3,018,870.00							
		3,025,980.00							
		3,014,910.00							

		\$123,227,461.02	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 MAY 2011
result: Policy Requirements Based on Actual

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

31 MAY 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
	Current Investments		Investments						
	1	\$64,468,415.51							
	2	\$64,468,415.51							
	3	\$32,234,207.76							