

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

February 10, 2012

## Subject

Monthly Investment Report for Period Ending January 31, 2012.

## Background

The attached investment report indicates that on January 31, 2012 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$124,495,733.50 were invested producing an average yield of 0.840 %. The target Fed Funds rate for January 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 January:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Farm Credit Bank	01/09/2012	\$3,000,000.00	0.770%	01/09/2015
Federal Home Loan Mortgage Corp.	01/23/2012	\$3,000,000.00	0.875%	01/23/2015
Federal National Mortgage Assoc.	01/23/2012	\$3,000,000.00	0.500%	01/23/2015
Federal National Mortgage Assoc.	01/30/2012	\$3,000,000.00	0.500%	01/30/2015
Federal Home Loan Mortgage Corp.	01/30/2012	\$3,000,000.00	0.800%	01/30/2013

Securities matured, called, or sold in the month of January

Investment Type	Date	Par Amount	Interest Rate
Federal National Mortgage Assoc	01/11/2012	\$ 3,000,000.00	1.200 %
Federal Home Loan Bank	01/13/2012	\$ 3,000,000.00	0.750 %
Federal Home Loan Mortgage Corp.	01/29/2012	\$ 3,000,000.00	0.700 %
Federal Home Loan Mortgage Corp.	01/30/2012	\$ 3,000,000.00	0.650 %

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)	\$62,200,366.75	\$100,663,883.50
With maturity greater than one year (max)	\$62,200,366.75	\$96,147,810.00
With maturity greater than two year (max)	\$31,100,183.38	\$87,113,100.00

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

As of January 31, 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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Antonia Saldou  
Acting 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

31 JAN 2012

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.	01-30-12	3,000,000.00	01-30-13	0.800	3,000,000.00	2.410	3,007,830.00	0.29	01-30-13
Federal Home Loan Mortgage Corp.	(1) 02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.410	3,000,810.00	0.43	02-15-12
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.410	3,034,950.00	0.46	
Federal National Mortgage Assoc.	(1) 09-27-11	3,000,000.00	09-27-13	0.550	3,000,000.00	2.410	2,998,950.00	0.48	03-27-12
Federal Home Loan Mortgage Corp.	(1) 09-20-11	3,000,000.00	03-20-14	0.520	3,000,000.00	2.410	2,998,560.00	0.60	09-20-12
Federal Home Loan Bank	(1) 03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.410	3,005,550.00	0.63	03-28-12
Fed Farm Credit	(1) 05-02-11	3,000,000.00	05-02-14	1.340	3,000,000.00	2.410	3,007,470.00	0.65	05-02-12
Federal Home Loan Bank	(1) 05-16-11	3,000,000.00	05-16-14	1.320	3,000,000.00	2.410	3,009,540.00	0.65	05-16-12
Federal Home Loan Bank	(1) 05-23-11	3,000,000.00	05-23-14	1.125	3,000,000.00	2.410	3,008,340.00	0.67	05-23-12
Federal Home Loan Bank	(1) 06-06-11	3,000,000.00	06-06-14	1.250	3,000,000.00	2.410	3,009,450.00	0.67	06-06-12
Federal Home Loan Bank	(1) 06-13-11	3,000,000.00	06-13-14	1.150	3,000,000.00	2.410	3,009,420.00	0.67	06-13-12
Federal National Mortgage Assoc.	(1) 06-27-11	3,000,000.00	06-27-14	1.000	3,000,000.00	2.410	3,006,540.00	0.70	06-27-12
Federal Home Loan Bank	(1) 07-11-11	3,000,000.00	07-11-14	1.025	3,000,000.00	2.410	3,003,480.00	0.70	04-11-12
Federal Home Loan Bank	(1) 07-18-11	3,000,000.00	07-18-14	1.000	3,000,000.00	2.410	3,009,000.00	0.70	07-18-12
Federal National Mortgage Assoc.	(1) 08-08-11	3,000,000.00	08-08-14	1.150	3,000,000.00	2.410	3,000,450.00	0.72	02-08-12
Federal National Mortgage Assoc.	(1) 08-08-11	3,000,000.00	08-08-14	1.020	3,000,000.00	2.410	3,008,370.00	0.72	08-08-12
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	08-28-14	0.640	3,000,000.00	2.410	3,000,300.00	0.75	08-28-12
Federal National Mortgage Assoc.	(1) 09-09-11	3,000,000.00	09-09-14	0.500	3,000,000.00	2.410	2,997,630.00	0.75	03-09-12
Federal Home Loan Bank	(1) 09-09-11	3,000,000.00	09-09-14	0.750	3,000,000.00	2.410	3,000,090.00	0.75	12-09-11
Federal Home Loan Mortgage Corp.	(1) 09-12-11	3,000,000.00	09-12-14	0.500	3,000,000.00	2.410	2,998,740.00	0.75	12-11-11
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.410	3,001,200.00	0.75	09-12-13
Federal National Mortgage Assoc.	(1) 11-04-11	2,997,375.00	10-17-14	0.592	3,000,000.00	2.410	2,996,970.00	0.80	04-17-12
Fed Farm Credit	(1) 10-24-11	3,000,000.00	10-24-14	0.900	3,000,000.00	2.410	3,007,620.00	0.80	10-24-12
Federal Home Loan Mortgage Corp.	(1) 11-03-11	3,000,000.00	11-03-14	1.000	3,000,000.00	2.410	3,003,780.00	0.80	05-03-12
Federal National Mortgage Assoc.	(1) 11-07-11	3,000,000.00	11-07-14	0.900	3,000,000.00	2.410	3,006,960.00	0.80	11-07-12
Federal National Mortgage Assoc.	(1) 12-15-11	3,000,000.00	12-15-14	1.163	3,000,000.00	2.410	2,999,460.00	0.82	06-15-12
Federal National Mortgage Assoc.	(1) 12-22-11	3,000,000.00	12-19-14	0.750	3,000,000.00	2.410	3,001,890.00	0.84	12-19-12
Fed Farm Credit	(1) 12-22-11	3,000,000.00	12-22-14	0.770	3,000,000.00	2.410	3,003,870.00	0.84	06-22-12
Federal National Mortgage Assoc.	(1) 12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.410	3,003,330.00	0.84	12-23-13
Fed Farm Credit	(1) 01-09-12	3,000,000.00	01-09-15	0.770	3,000,000.00	2.410	3,011,010.00	0.84	01-09-13
Federal Home Loan Mortgage Corp.	(1) 01-23-12	3,000,000.00	01-23-15	0.875	3,000,000.00	2.410	3,006,900.00	0.87	01-23-12
Federal National Mortgage Assoc.	(1) 01-23-12	3,000,000.00	01-23-15	0.500	3,000,000.00	2.410	2,998,230.00	0.87	01-23-13
Federal National Mortgage Assoc.	(1) 01-30-12	3,000,000.00	01-30-15	0.500	3,000,000.00	2.410	2,998,950.00	0.87	07-30-12
Total Securities		98,997,375.00		0.892	99,000,000.00	79.521	99,155,640.00	23.47	

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

31 JAN 2012

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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CERTIFICATE OF DEPOSITS									
CERTIFICATE OF DEPOSIT	03-03-11	95,000.00	03-03-12	0.450	95,000.00	0.076		0.00	
Total Certificate of Deposits				0.450	95,000.00	0.076		0.00	
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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.382	12,489,325.87	10.032		0.10	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.890	9,420,251.56	7.567		0.08	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				0.890	3,491,156.07	2.804		0.03	
Total Liquid Accounts				0.640	25,400,733.50	20.403		0.20	
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SUB-TOTAL	(average weighted yield)			0.840	124,495,733.50	100.00		23.68	
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CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	4.45				
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	1.67				
2001A RWC TRANS IMPROVMT - CITIBANK CD			08-26-13	1.000	182,000.00	0.692			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.250	182,000.00	0.692			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	10,487.42	0.040			
2003 A RDA TAX ALLOCATION BONDS-RESERVE FUND			09-28-15	1.050	1,543,000.00	5.867			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				1.680	1,100,000.00	4.183			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	19,606.05	0.075			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.414			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	453.56	0.002			
2003B IMPRV PHASE 2 - SYNOVUS BANK CD			03-02-12	0.006	187,000.00	0.711			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.570			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	46,452.27	0.177			
2005 WATER REVENUE BONDS-FFCB			10-24-14	0.900	2,100,000.00	7.985			
2005A WATER REVENUE BONDS-I&R FUND-MMF				0.000	1,461,229.31	5.556			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	42,887.58	0.163			
2006 WATER REVENUE BONDS-FFCB			10-24-14	0.900	1,500,000.00	5.704			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	31,473.75	0.120			

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31 JAN 2012

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2006A WATER REVENUE BONS - I&R FUND-MMF				0.000	1,051,632.30	3.999			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	3.616			
RDA PROJECT AREA #2 SERIES 2003A-SPECIAL FUND				0.000	960,562.00	3.652			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	129,649.43	0.493			
RECYCLE WATER PROJECT 2007A-MMF				0.000	400.03	0.002			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	539,631.22	2.052			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.331			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.342			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.050	476,960.98	1.814			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.050	817,687.04	3.109			
RWC ONE MARINA 2011 RESERVE FUND				0.050	506,124.24	1.924			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	1,296,553.36	4.930			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.000	2,097,587.23	7.976			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	6,360,571.32	24.185			
2007 WATER REV BONDS - LAIF				0.460	2,268,811.59	8.627			
Total with Fiscal Agents					26,299,626.14	100.0			
TOTAL BOTH PORTFOLIOS					<u>150,795,359.64</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 JAN 2012:

\$99,000,000.00 securities

\$95,000.00 cds

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

31 JAN 2012

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
-----									
\$25,400,733.50									
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\$124,495,733.50									
\$95,000.00									
\$25,400,733.50									
3,007,830.00									
3,000,810.00									
3,034,950.00									
3,005,550.00									
3,007,470.00									
3,009,540.00									
3,008,340.00									
3,009,450.00									
3,009,420.00									
3,006,540.00									
3,003,480.00									
3,009,000.00									
3,000,450.00									
3,008,370.00									
3,000,300.00									
3,000,090.00									
3,001,200.00									
3,007,620.00									
3,003,780.00									
3,006,960.00									
3,001,890.00									
3,003,870.00									
3,003,330.00									
3,011,010.00									
3,006,900.00									
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\$100,663,883.50									

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 JAN 2012

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 JAN 2012 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$62,200,366.75	\$100,663,883.50
	2 \$62,200,366.75	\$96,147,810.00
	3 \$31,100,183.38	\$87,113,100.00