

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

August 16, 2011

## Subject

Monthly Investment Report for Period Ending July 31, 2011.

## Background

The attached investment report indicates that on July 31, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$118,382,974.38 were invested producing an average yield of 0.911 %. The target Fed Funds rate for July 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 July:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Fannie Mae	07/11/2011	\$3,000,000.00	1.200%	07/11/2014
Federal Home Loan Bank	07/11/2011	\$3,000,000.00	1.025%	07/11/2014
Federal Home Loan Bank	07/13/2011	\$3,000,000.00	0.875%	01/13/2014
Federal Home Loan Bank	07/13/2011	\$3,000,000.00	0.750%	01/13/2014
Federal Home Loan Mortgage Corp.	07/13/2011	\$3,000,000.00	0.550%	01/13/2014
Federal Home Loan Bank	07/18/2011	\$3,000,000.00	1.000%	07/18/2014

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Mortgage Corp.	07/18/2011	\$ 3,000,000.00	5.250 %
Federal Home Loan Mortgage Corp.	07/26/2011	\$ 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)	\$ 59,143,987.19	\$ 109,575,784.38
With maturity greater than one year (max)	\$ 59,143,987.19	\$ 75,184,470.00
With maturity greater than two year (max)	\$ 29,571,993.60	\$ 66,177,360.00

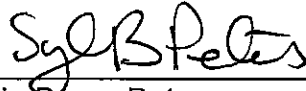
Investment brokers used to purchase securities for the City this month were Morgan Stanley Smith Barney and Cantor Fitzgerald.

As of July 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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Sylvia Bravo Peters  
Deputy Treasurer

c: Robert Bell, City Manager

## INVESTMENT PORTFOLIO

31 JUL 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 National Mortgage Assoc.	08-19-10	3,000,000.00	08-19-11	1.250	3,000,000.00	2.534	3,001,110.00	0.00	08-19-11
Federal Home Loan Mortgage Corp.	(1) 02-25-11	3,000,000.00	02-25-13	1.000	3,000,000.00	2.534	3,001,320.00	0.48	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	2.534	3,002,730.00	0.53	10-29-11
Federal National Mortgage Assoc.	(1) 09-27-10	3,000,000.00	06-27-13	1.000	3,000,000.00	2.534	3,003,060.00	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	2.534	3,000,060.00	0.61	
Federal Home Loan Mortgage Corp.	(1) 02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.534	3,010,320.00	0.61	02-15-12
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.534	3,002,010.00	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	2.534	3,031,620.00	0.63	
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.534	3,003,150.00	0.68	10-28-11
Fed Farm Credit	(1) 11-12-10	3,000,000.00	11-12-13	0.790	3,000,000.00	2.534	3,000,090.00	0.68	
Federal National Mortgage Assoc.	(1) 11-26-10	3,000,000.00	11-26-13	1.000	3,000,000.00	2.534	3,000,930.00	0.71	08-26-11
Federal Home Loan Mortgage Corp.	(1) 07-13-11	3,000,000.00	01-13-14	0.550	3,000,000.00	2.534	3,000,330.00	0.73	10-13-11
Federal Home Loan Bank	(1) 07-13-11	3,000,000.00	01-13-14	0.750	3,000,000.00	2.534	2,998,770.00	0.73	01-13-12
Federal Home Loan Bank	(1) 07-13-11	3,000,000.00	01-13-14	0.875	3,000,000.00	2.534	2,998,230.00	0.73	08-13-11
Federal Home Loan Bank	(1) 03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.534	3,019,650.00	0.81	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	2.534	3,005,520.00	0.81	10-11-11
Fed Farm Credit	(1) 05-02-11	3,000,000.00	05-02-14	1.340	3,000,000.00	2.534	3,015,780.00	0.84	05-02-12
Federal Home Loan Bank	(1) 05-16-11	3,000,000.00	05-16-14	1.320	3,000,000.00	2.534	3,021,330.00	0.86	05-16-12
Federal Home Loan Bank	(1) 05-23-11	3,000,000.00	05-23-14	1.125	3,000,000.00	2.534	3,016,980.00	0.86	05-23-12
Federal Home Loan Bank	(1) 06-06-11	3,000,000.00	06-06-14	1.250	3,000,000.00	2.534	3,017,880.00	0.86	06-06-12
Federal Home Loan Bank	(1) 06-13-11	3,000,000.00	06-13-14	1.150	3,000,000.00	2.534	3,016,800.00	0.86	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	2.534	3,006,390.00	0.89	12-23-11
Federal National Mortgage Assoc.	(1) 06-27-11	3,000,000.00	06-27-14	1.000	3,000,000.00	2.534	3,003,810.00	0.89	06-27-12
Federal National Mortgage Assoc.	(1) 07-11-11	3,000,000.00	07-11-14	1.200	3,000,000.00	2.534	2,995,770.00	0.89	01-11-12
Federal Home Loan Bank	(1) 07-11-11	3,000,000.00	07-11-14	1.025	3,000,000.00	2.534	3,003,600.00	0.89	04-11-12
Federal Home Loan Bank	(1) 07-18-11	3,000,000.00	07-18-14	1.000	3,000,000.00	2.534	3,008,340.00	0.91	07-18-12
Total Securities		78,000,000.00		1.045	78,000,000.00	65.888	78,185,580.00	18.73	
CERTIFICATE OF DEPOSITS									
CERTIFICATE OF DEPOSIT	03-03-11	95,000.00	03-03-12	0.450	95,000.00	0.080		0.01	
Total Certificate of Deposits				0.450	95,000.00	0.080		0.01	
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I N V E S T M E N T P O R T F O L I O

31 JUL 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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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.381	20,029,118.35	16.919		0.17	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.920	12,393,193.60	10.469		0.10	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				0.920	7,865,662.43	6.644		0.07	
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Total Liquid Accounts				0.652	40,287,974.38	34.032		0.34	
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SUB-TOTAL		(average weighted yield)		0.911	118,382,974.38	100.00		19.07	
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CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	57,979.59	0.225			
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	1.67				
2001A RWC TRANS IMPROVMT - CITIBANK CD			08-26-13	1.000	182,000.00	0.707			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.250	182,000.00	0.707			
2001A RWC TRANS IMPRVMT BONDS-ADM EXPENSE FUND-MMF				0.000	4.14				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	8,438.04	0.033			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	1.680	1,100,000.00	4.274			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	10,256.05	0.040			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.423			
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	0.727			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.583			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	44,770.91	0.174			
2005A WATER REVENUE BONDS-I&R FUND-MMF				0.000	643,349.38	2.500			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	33,195.06	0.129			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	24,282.09	0.094			
2006A WATER REV BONDS-FHLMC-RESERVE FUND			10-18-13	0.850	1,500,000.00	5.828			
2006A WATER REVENUE BONS - I&R FUND-MMF				0.000	487,289.39	1.893			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	3.695			
RDA PROJECT AREA #2 SERIES 2003A-SPECIAL FUND				0.000	1,543,000.00	5.995			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	26,500.92	0.103			
RECYCLE WATER PROJECT 2007A-MMF				0.000	1,457.40	0.006			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	303,362.51	1.179			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.338			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.350			

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31 JUL 2011

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RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.400	2,050,000.00	7.965			
RWC 2005A FHLMC-RESERVE FUND			10-18-13	0.850	2,100,000.00	8.160			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.050	631,006.97	2.452			
RWC ONE MARINA 2011 COST OF ISSUANCE FUND				0.050	14,944.50	0.058			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.050	3,069,990.80	11.929			
RWC ONE MARINA 2011 RESERVE FUND				0.050	509,273.83	1.979			
RWC PACIFIC SHORE PROJECT SPECIAL TAX 2000 - FHLMC			08-12-11	0.130	356,809.20	1.386			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	4.15				
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.050	47,417.30	0.184			
RWC PACIFIC SHORES PROJECT SPECIAL TAX 2000-FHLMC				0.050	213.72	0.001			
RWC PFA WATER 2007A-CD BANCO SANTANDER P R SAN JUAN			11-14-11	0.400	77,000.00	0.299			
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	24.634			
2007 WATER REV BONDS - LAIF				0.560	2,816,426.52	10.943			
Total with Fiscal Agents					25,736,151.63	100.0			
TOTAL BOTH PORTFOLIOS					<u>144,119,126.01</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 JUL 2011:

\$78,000,000.00 securities  
 \$95,000.00 cds  
 \$40,287,974.38 liquids

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

31 JUL 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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\$118,382,974.38	securities & liquid = "idle funds"								
\$95,000.00	cbs								
\$40,287,974.38	liquids								
3,001,110.00	FNMA								
3,001,320.00	FHLMC								
3,002,730.00	FHLMC								
3,003,060.00	FNMA								
3,000,060.00	FHLB								
3,010,320.00	FHLMC								
3,002,010.00	FHLB								
3,031,620.00	FNMA								
3,003,150.00	FHLB								
3,000,090.00	FFC								
3,000,930.00	FNMA								
3,000,330.00	FHLMC								
3,019,650.00	FHLB								
3,005,520.00	FHLMC								
3,015,780.00	FFC								
3,021,330.00	FHLB								
3,016,980.00	FHLB								
3,017,880.00	FHLB								
3,016,800.00	FHLB								
3,006,390.00	FHLMC								
3,003,810.00	FNMA								
3,003,600.00	FHLB								
3,008,340.00	FHLB								
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\$109,575,784.38	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)

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

31 JUL 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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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 JUL 2011  
result: Policy Requirements  
Based on  
Current Investments

Actual  
Investments

1	\$59,143,987.19	\$109,575,784.38							
2	\$59,143,987.19	\$75,184,470.00							
3	\$29,571,993.60	\$66,177,360.00							