

REPORT

To the Honorable Mayor and City Council
From the City Manager

October 14, 2011

Subject

Monthly Investment Report for Period Ending September 30, 2011.

Background

The attached investment report indicates that on September 30, 2011 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$110,233,329.79 were invested producing an average yield of 0.978 %. The target Fed Funds rate for September 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 September:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Fannie Mae	09/09/2011	\$3,000,000.00	0.500%	09/09/2014
Federal Home Loan Bank	09/09/2011	\$3,000,000.00	0.750%	09/09/2014
Fannie Mae	09/12/2011	\$3,000,000.00	0.625%	09/12/2014
Fannie Mae	09/12/2011	\$3,000,000.00	0.649%	08/28/2014
Federal Home Loan Mortgage Corp.	09/12/2011	\$3,000,000.00	0.500%	09/12/2014
Federal Home Loan Mortgage Corp.	09/20/2011	\$3,000,000.00	0.520%	03/20/2014
Fannie Mae	09/27/2011	\$3,000,000.00	0.550%	09/27/2013

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Bank	09/09/2011	\$ 3,000,000.00	1.000 %
Federal Home Loan Bank	09/15/2011	\$ 3,000,000.00	0.875 %
Fannie Mae	09/27/2011	\$ 3,000,000.00	1.000 %

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:

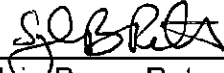
Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$ 55,069,164.90	\$ 89,437,089.79
With maturity greater than one year (max)	\$ 55,069,164.90	\$ 87,141,780.00
With maturity greater than two year (max)	\$ 27,534,657.45	\$ 69,104,040.00

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

As of September 30, 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

c: Robert Bell, City Manager

INVESTMENT PORTFOLIO

30 SEP 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.	07-13-11	3,000,000.00	10-13-11	0.550	3,000,000.00	2.721	3,000,180.00	0.00	10-13-11
Federal Home Loan Mortgage Corp.	(1) 10-29-10	3,000,000.00	04-29-13	0.700	3,000,000.00	2.721	3,000,870.00	0.52	10-29-11
Federal Home Loan Bank	(1) 08-08-11	3,000,000.00	08-08-13	0.650	3,000,000.00	2.721	3,000,510.00	0.60	11-08-11
Federal Home Loan Mortgage Corp.	(1) 02-15-11	3,000,000.00	08-15-13	1.100	3,000,000.00	2.721	3,008,130.00	0.60	02-15-12
Federal Home Loan Bank	(1) 09-09-10	3,000,000.00	09-09-13	1.000	3,000,000.00	2.721	3,003,720.00	0.63	12-09-11
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.721	3,033,870.00	0.63	
Federal National Mortgage Assoc.	(1) 09-27-11	3,000,000.00	09-27-13	0.550	3,000,000.00	2.721	2,990,640.00	0.65	03-27-12
Federal Home Loan Bank	(1) 10-28-10	3,000,000.00	10-28-13	0.875	3,000,000.00	2.721	3,001,050.00	0.68	10-28-11
Federal Home Loan Bank	(1) 07-13-11	3,000,000.00	01-13-14	0.750	3,000,000.00	2.721	3,003,030.00	0.73	01-13-12
Federal Home Loan Mortgage Corp.	(1) 09-20-11	3,000,000.00	03-20-14	0.520	3,000,000.00	2.721	2,993,910.00	0.82	09-20-12
Federal Home Loan Bank	(1) 03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.721	3,016,350.00	0.82	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	2.721	3,000,720.00	0.82	10-11-11
Fed Farm Credit	(1) 05-02-11	3,000,000.00	05-02-14	1.340	3,000,000.00	2.721	3,015,270.00	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	2.721	3,018,780.00	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	2.721	3,015,570.00	0.87	05-23-12
Federal Home Loan Bank	(1) 06-06-11	3,000,000.00	06-06-14	1.250	3,000,000.00	2.721	3,016,500.00	0.87	06-06-12
Federal Home Loan Bank	(1) 06-13-11	3,000,000.00	06-13-14	1.150	3,000,000.00	2.721	3,015,870.00	0.87	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	2.721	3,004,890.00	0.90	12-23-11
Federal National Mortgage Assoc.	(1) 06-27-11	3,000,000.00	06-27-14	1.000	3,000,000.00	2.721	3,009,690.00	0.90	06-27-12
Federal National Mortgage Assoc.	(1) 07-11-11	3,000,000.00	07-11-14	1.200	3,000,000.00	2.721	3,003,420.00	0.90	01-11-12
Federal Home Loan Bank	(1) 07-11-11	3,000,000.00	07-11-14	1.025	3,000,000.00	2.721	3,006,930.00	0.90	04-11-12
Federal Home Loan Bank	(1) 07-18-11	3,000,000.00	07-18-14	1.000	3,000,000.00	2.721	3,011,610.00	0.93	07-18-12
Federal Home Loan Mortgage Corp.	(1) 08-08-11	3,000,000.00	08-08-14	0.750	3,000,000.00	2.721	3,000,720.00	0.93	11-08-11
Federal National Mortgage Assoc.	(1) 08-08-11	3,000,000.00	08-08-14	1.150	3,000,000.00	2.721	3,004,980.00	0.93	02-08-12
Federal National Mortgage Assoc.	(1) 08-08-11	3,000,000.00	08-08-14	1.020	3,000,000.00	2.721	3,011,100.00	0.93	08-08-12
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	08-28-14	0.640	3,000,000.00	2.721	2,989,590.00	0.95	08-28-12
Federal National Mortgage Assoc.	(1) 09-09-11	3,000,000.00	09-09-14	0.500	3,000,000.00	2.721	2,988,780.00	0.95	03-09-12
Federal Home Loan Bank	(1) 09-09-11	3,000,000.00	09-09-14	0.750	3,000,000.00	2.721	2,990,220.00	0.95	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	2.721	2,995,110.00	0.95	12-11-11
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.721	2,989,950.00	0.95	09-12-13

Total Securities		90,000,000.00		0.939	90,000,000.00	81.645	90,141,960.00	23.84	

CERTIFICATE OF DEPOSITS

I N V E S T M E N T P O R T F O L I O
30 SEP 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
CERTIFICATE OF DEPOSIT	03-03-11	95,000.00	03-03-12	0.450	95,000.00	0.086		0.00	
Total Certificate of Deposits				0.450	95,000.00	0.086		0.00	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.378	6,814,118.35	6.182		0.06	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				1.550	8,278,849.01	7.510		0.08	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				1.550	5,045,662.43	4.577		0.05	
Total Liquid Accounts				1.153	20,138,629.79	18.269		0.18	
SUB-TOTAL		(average weighted yield)		0.978	110,233,629.79	100.00		24.03	
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	0.819			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.250	182,000.00	0.819			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.000	9,727.00	0.044			
2003 A RDA TAX ALLOCATION BONDS-RESERVE FUND				0.000	1,543,000.00	6.947			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG			01-20-12	1.680	1,100,000.00	4.953			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	10,256.05	0.046			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.490			
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	0.842			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.675			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.000	46,452.27	0.209			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	33,195.06	0.149			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	24,282.09	0.109			
2006A WATER REV BONDS-FHLMC-RESERVE FUND			10-18-13	0.850	1,500,000.00	6.754			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	4.282			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	26,500.92	0.119			
RECYCLE WATER PROJECT 2007A-MMF				0.000	2,387.81	0.011			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.392			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.405			

I N V E S T M E N T P O R T F O L I O
30 SEP 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
RWC 2000A PACIFIC SHORES BONDS-RESERVE FUND-USTN			10-31-11	4.400	2,050,000.00	9.230			
RWC 2005A FHLMC-RESERVE FUND			10-18-13	0.850	2,100,000.00	9.455			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.050	476,881.93	2.147			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.050	1,862,266.97	8.385			
RWC ONE MARINA 2011 RESERVE FUND				0.050	506,040.35	2.278			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.000	26.59				
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.000	5.71				
RWC PFA WATER 2007A-CD BANCO SANTANDER P R SAN JUAN			11-14-11	0.400	77,000.00	0.347			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	960.17	0.004			
2003A TAX ALLOCATION BONDS/TRAFFIC IMPACT FUND-LAIF				0.460	6,347,428.59	28.579			
2007 WATER REV BONDS - LAIF				0.460	2,555,129.86	11.504			
Total with Fiscal Agents					22,209,860.39	100.0			
TOTAL BOTH PORTFOLIOS					<u>132,443,490.18</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 30 SEP 2011:

\$90,000,000.00 securities

\$95,000.00 cds

\$20,138,629.79 liquids

\$110,233,629.79 securities & liquid = "idle funds"

I N V E S T M E N T P O R T F O L I O
30 SEP 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							
		\$20,138,629.79							
		3,000,180.00							
		3,000,870.00							
		3,000,510.00							
		3,008,130.00							
		3,003,720.00							
		3,033,870.00							
		3,001,050.00							
		3,003,030.00							
		3,016,350.00							
		3,000,720.00							
		3,015,270.00							
		3,018,780.00							
		3,015,570.00							
		3,016,500.00							
		3,015,870.00							
		3,004,890.00							
		3,009,690.00							
		3,003,420.00							
		3,006,930.00							
		3,011,610.00							
		3,000,720.00							
		3,004,980.00							
		3,011,100.00							
		\$89,437,389.79							

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)

I N V E S T M E N T P O R T F O L I O
30 SEP 2011

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
result:	Based on Current Investments		Actual Investments						
	1	\$55,069,314.90							
	2	\$55,069,314.90							
	3	\$27,534,657.45							