

REPORT

To the Honorable Mayor and City Council
From the City Manager

March 12, 2013

Subject

Monthly Investment Report for Period Ending February 28, 2013.

Background

The attached investment report indicates that on February 28, 2013 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$132,127,650.38 were invested producing an average yield of 0.530%. The target Fed Funds rate for February 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 February:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Farm Credit Bank	02/11/2013	\$ 3,000,000.00	0.490%	02/11/2016
Federal Home Loan Bank	02/12/2013	\$ 3,000,000.00	0.550%	02/12/2016
Federal Farm Credit Bank	02/22/2013	\$ 3,000,000.00	0.467%	02/12/2016

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Mortgage Corp.	02/27/2013	\$ 3,000,000.00	0.550 %

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)	\$ 66,155,993.90	\$ 123,502,147.79
With maturity greater than one year (max)	\$ 66,155,993.90	\$ 78,068,460.00
With maturity greater than two year (max)	\$ 33,077,996.95	\$ 72,049,770.00

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

As of February 28, 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

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

28 FEB 2013

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

Total Certificate of Deposits				0.250	95,000.00	0.072		0.00	

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.286	24,458,080.18	18.511		0.19	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.630	20,574,570.20	15.572		0.16	

Total Liquid Accounts				0.443	45,032,650.38	34.083		0.34	

SUB-TOTAL		(average weighted yield)		0.530	132,127,650.38	100.00		18.12	

CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.020	1.56				
2001A RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	0.13				
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				0.540	1,074,000.00	6.030			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	56,419.38	0.317			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.612			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	0.10				
2003A RDA TAX ALLOCATION BONDS-INTEREST FUND				0.000	0.21				
2003A RDA TAX ALLOCATION BONDS-RESERVE FUND				09-28-15	1,543,000.15	8.664			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.020	2.57				
2005 WATER REVENUE BONDS-FFCB				10-24-14	2,100,000.00	11.791			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	767.51	0.004			
2006 WATER REVENUE BONDS-FFCB				10-24-14	1,500,000.00	8.422			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	816.66	0.005			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				02-01-35	950,950.00	5.339			
2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF				0.020	77,405.85	0.435			
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.020	734,613.87	4.125			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	26,206.12	0.147			
RECYCLE WATER PROJECT 2007A-MMF				0.000	406.03	0.002			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK				07-23-13	87,000.00	0.488			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD				07-23-13	90,000.00	0.505			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.040	50,098.08	0.281			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	442,332.51	2.484			

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28 FEB 2013

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RWC ONE MARINA 2011 RESERVE FUND				0.040	506,343.94	2.843			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.020	65,071.83	0.365			
RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.020	618.02	0.003			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.020	555,545.12	3.119			
TRAFFIC IMPACT FUND			03-05-14	0.470	4,300,000.00	24.143			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,068,067.40	11.612			
2007 WATER REV BONDS - LAIF				0.460	1,471,657.15	8.263			
Total with Fiscal Agents					17,810,235.20	100.0			
TOTAL BOTH PORTFOLIOS					<u>149,937,885.58</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 28 FEB 2013:

\$87,000,000.00 securities

\$95,000.00 cds

\$45,032,650.38 liquids

\$132,127,650.38 securities & liquid = "idle funds"

\$95,000.00 cds

\$45,032,650.38 liquids

3,000,330.00 FHLB

3,015,300.00 FNMA

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28 FEB 2013

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	3,005,940.00								
	3,009,870.00								
	3,008,700.00								
	3,000,600.00								
	3,001,080.00								
	3,001,440.00								
	3,001,800.00								
	3,001,500.00								
	3,001,770.00								
	3,001,950.00								
	3,002,100.00								
	3,002,220.00								
	3,000,660.00								
	3,002,460.00								
	3,003,150.00								
	3,001,050.00								
	3,000,510.00								
	3,000,510.00								
	3,003,360.00								
	3,000,300.00								
	3,001,080.00								
	3,000,390.00								
	3,001,830.00								
	3,000,360.00								

 \$123,197,910.38 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)
 - 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)

28 FEB 2013 Policy Requirements
 result: Based on Actual

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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	\$66,016,325.19							
	2	\$66,016,325.19							
	3	\$33,008,162.60							