

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

June 17, 2013

## Subject

Monthly Investment Report for Period Ending May 31, 2013.

## Background

The attached investment report indicates that on May 31, 2013 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$149,166,209.45 were invested producing an average yield of 0.445%. 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 National Mortgage Assoc	05/22/2013	\$ 3,000,000.00	0.500%	05/20/2016

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

Investment Type	Date	Par Amount	Interest Rate
Federal Farm Credit Bank	05/08/2013	\$ 3,000,000.00	0.560 %
Federal National Mortgage Assoc	05/13/2013	\$ 3,000,000.00	0.520 %
Federal National Mortgage Assoc	05/22/2013	\$ 3,000,000.00	0.650 %
Federal National Mortgage Assoc	05/29/2013	\$ 3,000,000.00	0.600 %

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)	\$ 74,535,604.73	\$ 125,202,509.45
With maturity greater than one year (max)	\$ 74,535,604.73	\$ 53,993,310.00
With maturity greater than two year (max)	\$ 37,267,802.36	\$ 44,975,040.00

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

c: Robert Bell, City Manager  
Audrey Ramberg, Assistant City Manager

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

31 MAY 2013

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 National Mortgage Assoc.	09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.011	3,008,880.00	0.06	
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.011	3,003,570.00	0.30	09-12-13
Federal National Mortgage Assoc.	(1) 12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.011	3,007,500.00	0.38	12-23-13
Federal Home Loan Mortgage Corp.	(1) 02-13-12	3,000,000.00	02-13-15	0.550	3,000,000.00	2.011	3,007,200.00	0.40	02-13-14
Federal National Mortgage Assoc.	(1) 08-20-12	3,000,000.00	08-20-15	0.500	3,000,000.00	2.011	3,001,770.00	0.54	08-20-13
Fed Farm Credit	(1) 10-29-12	3,000,000.00	08-27-15	0.479	3,000,000.00	2.011	3,002,520.00	0.54	08-27-13
Federal Home Loan Mortgage Corp.	(1) 09-10-12	3,000,000.00	09-10-15	0.495	3,000,000.00	2.011	3,000,090.00	0.54	
Fed Farm Credit	(1) 09-17-12	3,000,000.00	09-17-15	0.480	3,000,000.00	2.011	3,000,660.00	0.54	
Fed Farm Credit	(1) 10-29-12	3,000,000.00	09-17-15	0.479	3,000,000.00	2.011	3,000,660.00	0.54	09-17-13
Federal National Mortgage Assoc.	(1) 09-25-12	3,000,000.00	09-25-15	0.500	3,000,000.00	2.011	3,003,150.00	0.56	
Fed Farm Credit	(1) 10-01-12	3,000,000.00	10-01-15	0.440	3,000,000.00	2.011	3,000,300.00	0.56	10-01-13
Fed Farm Credit	(1) 11-15-12	3,000,000.00	11-13-15	0.440	3,000,000.00	2.011	2,999,250.00	0.58	
Federal National Mortgage Assoc.	(1) 11-27-12	3,002,250.00	11-25-15	0.480	3,000,000.00	2.011	2,999,160.00	0.60	
Fed Farm Credit	(1) 12-17-12	2,999,100.00	12-17-15	0.400	3,000,000.00	2.011	2,994,630.00	0.62	
Federal National Mortgage Assoc.	(1) 01-29-13	3,001,500.00	01-29-16	0.450	3,000,000.00	2.011	2,995,650.00	0.64	
Fed Farm Credit	(1) 02-11-13	3,000,000.00	02-11-16	0.490	3,000,000.00	2.011	2,998,170.00	0.64	
Federal Home Loan Bank	(1) 02-12-13	3,000,900.00	02-12-16	0.550	3,000,000.00	2.011	2,993,610.00	0.64	
Fed Farm Credit	(1) 02-22-13	2,999,400.00	02-22-16	0.490	3,000,000.00	2.011	2,996,550.00	0.66	
Federal National Mortgage Assoc.	(1) 05-22-13	3,000,750.00	05-20-16	0.449	3,000,000.00	2.011	2,988,870.00	0.72	
		-----			-----		-----		
Total Securities		57,003,900.00		0.539	57,000,000.00	38.212	57,002,190.00	10.12	
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-13	95,000.00	03-03-14	0.350	95,000.00	0.064		0.01	
					-----		-----		
Total Certificate of Deposits				0.350	95,000.00	0.064		0.01	
-----									
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.245	56,501,387.80	37.878		0.38	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.610	35,569,821.65	23.846		0.24	
					-----		-----		
Total Liquid Accounts				0.386	92,071,209.45	61.724		0.62	
					-----		-----		

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

31 MAY 2013

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
-----									
SUB-TOTAL	(average weighted yield)			0.445	149,166,209.45	100.00		10.74	
-----									
CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2003 PFA LEASE REVENUE REFUNDING BONDS - I&R FUND				0.000	809,288.55	4.681			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.630			
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	1.050	1,546,086.15	8.942			
2005 WATER REVENUE BONDS-FFCB			10-24-14	0.900	2,100,000.00	12.146			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	7,330.01	0.042			
2006 WATER REVENUE BONDS-FFCB			10-24-14	0.900	1,500,000.00	8.676			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	5,504.16	0.032			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	5.500			
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.020	734,610.00	4.249			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	26,206.12	0.152			
RECYCLE WATER PROJECT 2007A-MMF				0.000	827.59	0.005			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.503			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.521			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.040	3.24				
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	442,375.65	2.559			
RWC ONE MARINA 2011 RESERVE FUND				0.040	505,655.43	2.925			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.020	0.40				
RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.875	551,278.40	3.189			
RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.020	618.05	0.004			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.020	3,775.80	0.022			
TRAFFIC IMPACT FUND			03-05-14	0.470	4,300,000.00	24.871			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,078,387.53	12.021			
2007 WATER REV BONDS - LAIF				0.460	1,440,694.58	8.333			
-----									
Total with Fiscal Agents					17,289,502.98	100.0			
-----									
TOTAL BOTH PORTFOLIOS					<u>166,455,712.43</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

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

31 MAY 2013

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

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 2013:

\$57,000,000.00 securities  
 \$95,000.00 cds  
 \$92,071,209.45 liquids  
 -----  
 \$149,166,209.45 securities & liquid = "idle funds"

\$95,000.00 cds  
 \$92,071,209.45 liquids  
 3,008,880.00 FNMA  
 3,003,570.00 FNMA  
 3,007,500.00 FNMA  
 3,007,200.00 FHLMC  
 3,001,770.00 FNMA  
 3,002,520.00 FFC  
 3,000,090.00 FHLMC  
 3,000,660.00 FFC  
 3,000,660.00 FFC  
 3,003,150.00 FNMA  
 3,000,300.00 FFC

-----  
 \$125,202,509.45 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:

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

31 MAY 2013

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

---

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 2013 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$74,535,604.73	\$125,202,509.45
	2 \$74,535,604.73	\$53,993,310.00
	3 \$37,267,802.36	\$44,975,040.00