

REPORT

To the Honorable Mayor and City Council
From the City Manager

August 20, 2012

Subject

Monthly Investment Report for Period Ending July 31, 2012.

Background

The attached investment report indicates that on July 31, 2012 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$121,899,632.87 were invested producing an average yield of 0.615%. 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
Federal Farm Credit Bank	07/09/2012	\$ 3,000,000.00	0.570%	07/09/2015
Fannie Mae	07/10/2012	\$ 3,000,000.00	0.3750%	07/10/2015

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

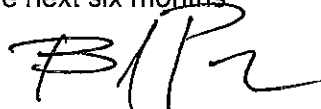
Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Bank	07/18/2012	\$ 3,000,000.00	1.000 %
Fannie Mae	07/30/2012	\$ 3,000,000.00	0.500 %

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)	\$ 60,902,316.44	\$ 122,062,262.87
With maturity greater than one year (max)	\$ 60,902,316.44	\$ 78,156,510.00
With maturity greater than two year (max)	\$ 30,451,158.22	\$ 72,128,190.00

The investment broker used to purchase securities for the City this month was Morgan Stanley Smith Barney.

As of July 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

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

31 JUL 2012

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.	01-30-12	3,000,000.00	01-30-13	0.800	3,000,000.00	2.461	3,006,120.00	0.15	01-30-13
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.461	3,027,150.00	0.32	
Federal Home Loan Mortgage Corp.	(1) 09-20-11	3,000,000.00	03-20-14	0.520	3,000,000.00	2.461	3,001,170.00	0.47	09-20-12
Federal National Mortgage Assoc.	(1) 08-08-11	3,000,000.00	08-08-14	1.020	3,000,000.00	2.461	3,000,420.00	0.59	08-08-12
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	08-28-14	0.640	3,000,000.00	2.461	3,000,810.00	0.62	08-28-12
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.461	3,009,960.00	0.62	09-12-13
Fed Farm Credit	(1) 10-24-11	3,000,000.00	10-24-14	0.900	3,000,000.00	2.461	3,003,120.00	0.66	10-24-12
Federal National Mortgage Assoc.	(1) 11-07-11	3,000,000.00	11-07-14	0.900	3,000,000.00	2.461	3,004,260.00	0.66	11-07-12
Federal National Mortgage Assoc.	(1) 12-22-11	3,000,000.00	12-19-14	0.750	3,000,000.00	2.461	3,004,560.00	0.71	12-19-12
Federal National Mortgage Assoc.	(1) 12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.461	3,013,860.00	0.71	12-23-13
Fed Farm Credit	(1) 01-09-12	3,000,000.00	01-09-15	0.770	3,000,000.00	2.461	3,006,840.00	0.71	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	2.461	3,005,580.00	0.74	01-23-12
Federal National Mortgage Assoc.	(1) 01-23-12	3,000,000.00	01-23-15	0.500	3,000,000.00	2.461	3,002,070.00	0.74	01-23-13
Federal Home Loan Bank	(1) 02-10-12	3,000,000.00	02-10-15	0.600	3,000,000.00	2.461	3,000,120.00	0.74	05-10-12
Federal Home Loan Mortgage Corp.	(1) 02-13-12	3,000,000.00	02-13-15	0.550	3,000,000.00	2.461	3,008,640.00	0.74	02-13-14
Federal Home Loan Mortgage Corp.	(1) 02-27-12	3,000,000.00	02-27-15	0.550	3,000,000.00	2.461	3,003,990.00	0.76	02-27-13
Fed Farm Credit	(1) 03-19-12	3,000,000.00	03-19-15	0.580	3,000,000.00	2.461	3,005,280.00	0.79	
Federal National Mortgage Assoc.	(1) 03-26-12	3,000,000.00	03-26-15	0.700	3,000,000.00	2.461	3,011,880.00	0.79	03-26-13
Fed Farm Credit	(1) 04-02-12	3,000,000.00	04-02-15	0.740	3,000,000.00	2.461	3,009,120.00	0.79	04-02-13
Federal National Mortgage Assoc.	(1) 04-17-12	3,000,000.00	04-17-15	0.750	3,000,000.00	2.461	3,008,430.00	0.81	04-17-13
Federal National Mortgage Assoc.	(1) 04-30-12	3,000,000.00	04-30-15	0.600	3,000,000.00	2.461	3,004,770.00	0.81	04-30-13
Federal National Mortgage Assoc.	(1) 04-30-12	3,000,000.00	04-30-15	0.650	3,000,000.00	2.461	3,005,880.00	0.81	04-30-13
Fed Farm Credit	(1) 06-12-12	3,000,000.00	05-08-15	0.560	3,000,000.00	2.461	3,005,250.00	0.81	05-08-13
Federal National Mortgage Assoc.	(1) 05-22-12	3,000,000.00	05-22-15	0.650	3,000,000.00	2.461	3,005,250.00	0.84	05-22-13
Federal National Mortgage Assoc.	(1) 05-29-12	3,000,000.00	05-29-15	0.600	3,000,000.00	2.461	3,005,070.00	0.84	05-29-13
Fed Farm Credit	(1) 07-09-12	3,000,000.00	07-09-15	0.570	3,000,000.00	2.461	3,001,440.00	0.86	
Federal National Mortgage Assoc.	(1) 07-10-12	3,000,000.00	07-10-15	0.375	3,000,000.00	2.461	3,001,590.00	0.86	01-10-13
Total Securities		81,000,000.00		0.694	81,000,000.00	66.448	81,162,630.00	18.95	

CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-12	95,000.00	03-03-13	0.250	95,000.00	0.078		0.01	
Total Certificate of Deposits				0.250	95,000.00	0.078		0.01	

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

31 JUL 2012

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

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.363	27,169,131.10	22.288		0.22	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.650	13,635,501.77	11.186		0.11	

Total Liquid Accounts				0.459	40,804,632.87	33.474		0.33	

SUB-TOTAL			(average weighted yield)	0.615	121,899,632.87	100.00		19.29	

CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	4.45				
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2001A RWC TRANS IMPROVMT - CITIBANK CD			08-26-13	0.980	182,000.00	0.784			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.230	182,000.00	0.784			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.020	12,549.95	0.054			
2001A RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	0.28				
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	1,128,956.05	4.866			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.469			
2003A RDA TAX ALLOCATION BONDS-RESERVE FUND			09-28-15	1.050	1,543,000.00	6.650			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.647			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.020	235,158.68	1.014			
2003B RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	0.52				
2005 WATER REVENUE BONDS-FFCB			10-24-14	0.900	2,100,000.00	9.051			
2005A WATER REVENUE BONDS-I&R FUND-MMF				0.000	618,619.37	2.666			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	10,976.67	0.047			
2006 WATER REVENUE BONDS-FFCB			10-24-14	0.900	1,500,000.00	6.465			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	8,374.44	0.036			
2006A WATER REVENUE BONS - I&R FUND-MMF				0.000	469,310.23	2.023			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	4.099			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	51,836.28	0.223			
RECYCLE WATER PROJECT 2007A-MMF				0.000	85.82				
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	269,794.37	1.163			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.375			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.388			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.040	263,549.27	1.136			

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RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	442,228.54	1.906			
RWC ONE MARINA 2011 RESERVE FUND				0.040	506,224.93	2.182			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.004	4,159,000.17	17.925			
TRAFFIC IMPACT FUND			03-05-14	0.379	4,300,000.00	18.533			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,060,163.33	8.879			
2007 WATER REV BONDS - LAIF				0.460	1,771,245.98	7.634			
Total with Fiscal Agents					23,201,940.34	100.0			
TOTAL BOTH PORTFOLIOS					<u>145,101,573.21</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 2012:

\$81,000,000.00	securities
\$95,000.00	cds
\$40,804,632.87	liquids

\$121,899,632.87	securities & liquid = "idle funds"
\$95,000.00	cds
\$40,804,632.87	liquids
3,006,120.00	FHLMC
3,027,150.00	FNMA
3,001,170.00	FHLMC

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

31 JUL 2012

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		3,000,420.00							
		3,000,810.00							
		3,009,960.00							
		3,003,120.00							
		3,004,260.00							
		3,004,560.00							
		3,013,860.00							
		3,006,840.00							
		3,005,580.00							
		3,002,070.00							
		3,000,120.00							
		3,008,640.00							
		3,003,990.00							
		3,005,280.00							
		3,011,880.00							
		3,009,120.00							
		3,008,430.00							
		3,004,770.00							
		3,005,880.00							
		3,005,250.00							
		3,005,250.00							
		3,005,070.00							
		3,001,440.00							
		3,001,590.00							

 \$122,062,262.87 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)

31 JUL 2012 Policy Requirements
 result: Based on Actual

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

31 JUL 2012

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	\$60,902,316.44							
	2	\$60,902,316.44							
	3	\$30,451,158.22							