

REPORT

To the Honorable Mayor and City Council
From the City Manager

October 16, 2012

Subject

Monthly Investment Report for Period Ending September 30, 2012.

Background

The attached investment report indicates that on September 30, 2012 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$117,267,295.36 were invested producing an average yield of 0.631%. 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
Federal Home Loan Bank	09/10/2012	\$ 3,000,000.00	0.485%	09/10/2015
Federal Farm Credit Bank	09/17/2012	\$ 3,000,000.00	0.480%	09/17/2015
Fannie Mae	09/28/2012	\$ 3,000,000.00	0.500%	09/25/2015

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Bank – partial call	09/19/2012	\$ 272,727.27	0.600 %
Federal Home Loan Mortgage Corp.	09/20/2012	\$ 3,000,000.00	0.520 %

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)	\$ 58,586,147.68	\$ 114,415,555.36
With maturity greater than one year (max)	\$ 58,586,147.68	\$ 78,119,160.00
With maturity greater than two year (max)	\$ 29,293,073.84	\$ 75,109,500.00

The 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

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

30 SEP 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	2.558	3,005,040.00	0.10	01-30-13
Federal National Mortgage Assoc.	09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.558	3,024,030.00	0.28	
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.558	3,009,660.00	0.59	09-12-13
Fed Farm Credit	(1) 10-24-11	3,000,000.00	10-24-14	0.900	3,000,000.00	2.558	3,000,960.00	0.64	10-24-12
Federal National Mortgage Assoc.	(1) 11-07-11	3,000,000.00	11-07-14	0.900	3,000,000.00	2.558	3,001,680.00	0.64	11-07-12
Federal National Mortgage Assoc.	(1) 12-22-11	3,000,000.00	12-19-14	0.750	3,000,000.00	2.558	3,002,820.00	0.69	12-19-12
Federal National Mortgage Assoc.	(1) 12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.558	3,013,350.00	0.69	12-23-13
Fed Farm Credit	(1) 01-09-12	3,000,000.00	01-09-15	0.770	3,000,000.00	2.558	3,004,740.00	0.69	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	2.558	3,004,560.00	0.72	01-23-12
Federal National Mortgage Assoc.	(1) 01-23-12	3,000,000.00	01-23-15	0.500	3,000,000.00	2.558	3,001,710.00	0.72	01-23-13
Federal Home Loan Mortgage Corp.	(1) 02-13-12	3,000,000.00	02-13-15	0.550	3,000,000.00	2.558	3,011,370.00	0.72	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	2.558	3,004,200.00	0.74	02-27-13
Fed Farm Credit	(1) 03-19-12	3,000,000.00	03-19-15	0.580	3,000,000.00	2.558	3,004,770.00	0.77	
Federal National Mortgage Assoc.	(1) 03-26-12	3,000,000.00	03-26-15	0.700	3,000,000.00	2.558	3,009,300.00	0.77	03-26-13
Fed Farm Credit	(1) 04-02-12	3,000,000.00	04-02-15	0.740	3,000,000.00	2.558	3,007,740.00	0.77	04-02-13
Federal National Mortgage Assoc.	(1) 04-17-12	3,000,000.00	04-17-15	0.750	3,000,000.00	2.558	3,006,930.00	0.77	04-17-13
Federal National Mortgage Assoc.	(1) 04-30-12	3,000,000.00	04-30-15	0.600	3,000,000.00	2.558	3,004,200.00	0.79	04-30-13
Federal National Mortgage Assoc.	(1) 04-30-12	3,000,000.00	04-30-15	0.650	3,000,000.00	2.558	3,005,070.00	0.79	04-30-13
Fed Farm Credit	(1) 06-12-12	3,000,000.00	05-08-15	0.560	3,000,000.00	2.558	3,005,220.00	0.79	05-08-13
Federal National Mortgage Assoc.	(1) 05-22-12	3,000,000.00	05-22-15	0.650	3,000,000.00	2.558	3,004,800.00	0.82	05-22-13
Federal National Mortgage Assoc.	(1) 05-29-12	3,000,000.00	05-29-15	0.600	3,000,000.00	2.558	3,004,470.00	0.82	05-29-13
Fed Farm Credit	(1) 07-09-12	3,000,000.00	07-09-15	0.570	3,000,000.00	2.558	3,000,240.00	0.84	
Federal National Mortgage Assoc.	(1) 07-10-12	3,000,000.00	07-10-15	0.375	3,000,000.00	2.558	3,001,380.00	0.84	01-10-13
Federal National Mortgage Assoc.	(1) 08-13-12	3,000,000.00	08-13-15	0.520	3,000,000.00	2.558	2,999,970.00	0.87	02-13-13
Federal National Mortgage Assoc.	(1) 08-20-12	3,000,000.00	08-20-15	0.500	3,000,000.00	2.558	3,003,030.00	0.90	08-20-13
Federal Home Loan Mortgage Corp.	(1) 09-10-12	3,000,000.00	09-10-15	0.495	3,000,000.00	2.558	3,001,020.00	0.90	
Fed Farm Credit	(1) 09-17-12	3,000,000.00	09-17-15	0.480	3,000,000.00	2.558	3,001,050.00	0.92	
Federal National Mortgage Assoc.	(1) 09-25-12	3,000,000.00	09-25-15	0.500	3,000,000.00	2.558	3,004,920.00	0.92	
Total Securities		84,000,000.00		0.659	84,000,000.00	71.631	84,148,230.00	20.49	

CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-12	95,000.00	03-03-13	0.250	95,000.00	0.081		0.00	

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

30 SEP 2012

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	0.081		0.00		

LIQUID ACCOUNTS										
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.348	19,234,131.10	16.402		0.16		
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.860	13,938,164.26	11.886		0.12		

Total Liquid Accounts				0.563	33,172,295.36	28.288		0.28		

SUB-TOTAL				(average weighted yield)		0.631	117,267,295.36	100.00	20.78	

CASH AND INVESTMENTS WITH FISCAL AGENTS										
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67					
2001A RWC TRANS IMPROVMT - CITIBANK CD				08-26-13	0.980	182,000.00	1.023			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD				09-03-13	1.230	182,000.00	1.023			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF					0.020	13,844.25	0.078			
2001A RWS TRANS IMPRVMT BONDS-INTEREST FUND					0.000	0.59				
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF					0.000	1,128,956.05	6.345			
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	9.94				
2003A RDA TAX ALLOCATION BONDS-RESERVE FUND				09-28-15	1.050	1,551,100.81	8.718			
2003B IMPRV PHASE2 - GE MONEY CD				08-27-13	0.015	150,000.00	0.843			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF					0.020	236,287.00	1.328			
2003B RWS TRANS IMPRVMT BONDS-INTEREST FUND					0.000	0.54				
2005 WATER REVENUE BONDS-FFCB				10-24-14	0.900	2,100,000.00	11.803			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF					0.000	759.16	0.004			
2006 WATER REVENUE BONDS-FFCB				10-24-14	0.900	1,500,000.00	8.431			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET					0.000	807.78	0.005			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				02-01-35	5.451	950,950.00	5.345			
RECYCLE WATER 2007 RESERVE FUND -MMF					0.000	25,918.14	0.146			
RECYCLE WATER PROJECT 2007A-MMF					0.000	193.53	0.001			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK				07-23-13	1.750	87,000.00	0.489			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD				07-23-13	1.800	90,000.00	0.506			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT					0.040	50,089.00	0.282			
RWC ONE MARINA 2011 IMPROVEMENT FUND					0.040	442,258.50	2.486			
RWC ONE MARINA 2011 RESERVE FUND					0.040	506,259.23	2.845			

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

30 SEP 2012

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RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.020	50,902.14	0.286			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.020	555,507.80	3.122			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	6,370,532.13	35.805			
2007 WATER REV BONDS - LAIF				0.460	1,507,939.56	8.475			
Total with Fiscal Agents					17,792,227.16	100.0			
TOTAL BOTH PORTFOLIOS					<u>135,059,522.52</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 2012:

\$84,000,000.00	securities
\$95,000.00	cds
\$33,172,295.36	liquids

\$117,267,295.36	securities & liquid = "idle funds"
\$95,000.00	cds
\$33,172,295.36	liquids
3,005,040.00	FHLMC
3,024,030.00	FNMA
3,009,660.00	FNMA
3,000,960.00	FFC
3,001,680.00	FNMA

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

30 SEP 2012

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		3,002,820.00							
		3,013,350.00							
		3,004,740.00							
		3,004,560.00							
		3,001,710.00							
		3,011,370.00							
		3,004,200.00							
		3,004,770.00							
		3,009,300.00							
		3,007,740.00							
		3,006,930.00							
		3,004,200.00							
		3,005,070.00							
		3,005,220.00							
		3,004,800.00							
		3,004,470.00							
		3,000,240.00							
		3,001,380.00							
		3,003,030.00							
		3,001,020.00							
		3,001,050.00							
		3,004,920.00							

 \$114,415,555.36 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)

30 SEP 2012	Policy Requirements	
result:	Based on	Actual
	Current Investments	Investments
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I N V E S T M E N T P O R T F O L I O

30 SEP 2012

TYPE		DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
	1		\$58,586,147.68							
	2		\$58,586,147.68							
	3		\$29,293,073.84							
			\$114,415,555.36							
			\$78,119,160.00							
			\$75,109,500.00							