

REPORT

To the Honorable Mayor and City Council
From the City Manager

February 20, 2013

Subject

Monthly Investment Report for Period Ending January 31, 2013.

Background

The attached investment report indicates that on January 31, 2013 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$132,406,987.79 were invested producing an average yield of 0.523%. The target Fed Funds rate for January 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 January:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Fannie Mae	01/29/2013	\$ 3,000,000.00	0.450%	01/26/2016

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

Investment Type	Date	Par Amount	Interest Rate
Federal Farm Credit Bank	01/09/2013	\$ 3,000,000.00	0.770 %
Fannie Mae	01/10/2013	\$ 3,000,000.00	0.375 %
Federal Home Loan Mortgage Corp.	01/23/2013	\$ 3,000,000.00	0.875 %
Fannie Mae	01/23/2013	\$ 3,000,000.00	0.500 %
Federal Farm Credit Bank	01/28/2013	\$ 3,000,000.00	0.570 %
Federal Home Loan Mortgage Corp.	01/30/2013	\$ 3,000,000.00	0.800 %

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

As of January 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 JAN 2013

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				0.300	31,212,140.66	23.573		0.24	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.630	20,099,847.13	15.180		0.15	

Total Liquid Accounts				0.429	51,311,987.79	38.753		0.39	

SUB-TOTAL			(average weighted yield)	0.523	132,406,987.79	100.00		17.56	

CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2001A RWC TRANS IMPRVT BONDS-RESERVE FUND-MMF				0.020	1.56				
2001A RWS TRANS IMPRVT 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	5.123			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	56,419.38	0.269			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.519			
2003A RDA TAX ALLOCATION BONDS-INTEREST FUND				0.000	0.01				
2003A RDA TAX ALLOCATION BONDS-RESERVE FUND			09-28-15	1.050	1,543,000.10	7.360			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.020	2.57				
2005 WATER REVENUE BONDS-FFCB			10-24-14	0.900	2,100,000.00	10.016			
2005A WATER REVENUE BONDS-I&R FUND-MMF				0.000	1,508,627.68	7.196			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	10,976.71	0.052			
2006 WATER REVENUE BONDS-FFCB			10-24-14	0.900	1,500,000.00	7.154			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	8,374.45	0.040			
2006A WATER REVENUE BONS - I&R FUND-MMF				0.000	1,089,319.10	5.196			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	4.536			
2012B RWX TRANS IMPRVT BONDS-RESERVE FUND-MMF				0.020	734,603.87	3.504			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	52,124.26	0.249			
RECYCLE WATER PROJECT 2007A-MMF				0.000	219.43	0.001			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	624,794.37	2.980			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.415			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.429			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.040	50,096.38	0.239			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	442,317.48	2.110			
RWC ONE MARINA 2011 RESERVE FUND				0.040	506,326.74	2.415			

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RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.020	618.01	0.003			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.020	555,537.56	2.650			
TRAFFIC IMPACT FUND			03-05-14	0.470	4,300,000.00	20.509			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,068,067.36	9.864			
2007 WATER REV BONDS - LAIF				0.460	1,503,657.15	7.172			
Total with Fiscal Agents					20,965,945.31	100.0			
TOTAL BOTH PORTFOLIOS					<u>153,372,933.10</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 JAN 2013:

\$81,000,000.00	securities
\$95,000.00	cds
\$51,311,987.79	liquids

\$132,406,987.79	securities & liquid = "idle funds"
\$95,000.00	cds
\$51,311,987.79	liquids
3,017,790.00	FNMA
3,007,140.00	FNMA
3,011,550.00	FNMA
3,010,050.00	FHLMC

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		3,000,930.00							
		3,001,890.00							
		3,002,700.00							
		3,003,180.00							
		3,003,480.00							
		3,002,850.00							
		3,003,210.00							
		3,003,420.00							
		3,003,630.00							
		3,003,750.00							
		3,000,330.00							
		3,003,690.00							
		3,004,830.00							
		3,001,920.00							
		3,001,080.00							
		3,001,080.00							
		3,005,040.00							
		3,000,570.00							
		3,000,420.00							
		3,000,630.00							

		\$123,502,147.79	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 JAN 2013 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$66,155,993.90	\$123,502,147.79
	2 \$66,155,993.90	\$78,068,460.00

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	3	\$33,077,996.95					\$72,049,770.00		