

REPORT

To the Honorable Mayor and City Council
From the City Manager

January 15, 2013

Subject

Monthly Investment Report for Period Ending December 31, 2012.

Background

The attached investment report indicates that on December 31, 2012 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$137,309,173.32 were invested producing an average yield of 0.585%. The target Fed Funds rate for December 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 December:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Farm Credit Bank	12/17/2012	\$ 3,000,000.00	0.390%	12/17/2015

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

Investment Type	Date	Par Amount	Interest Rate
Fannie Mae	12/19/2012	\$ 3,000,000.00	0.750 %

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)	\$ 68,607,086.66	\$ 134,430,643.32
With maturity greater than one year (max)	\$ 68,607,086.66	\$ 90,096,060.00
With maturity greater than two year (max)	\$ 34,303,543.33	\$ 84,075,990.00

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

As of December 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 DEC 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	2.185	3,001,350.00	0.02	01-30-13
Federal National Mortgage Assoc.	09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.185	3,020,070.00	0.17	
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.185	3,007,590.00	0.44	09-12-13
Federal National Mortgage Assoc.	(1) 12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.185	3,012,480.00	0.52	12-23-13
Fed Farm Credit	(1) 01-09-12	3,000,000.00	01-09-15	0.770	3,000,000.00	2.185	3,000,390.00	0.52	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	2.185	3,000,960.00	0.55	01-23-12
Federal National Mortgage Assoc.	(1) 01-23-12	3,000,000.00	01-23-15	0.500	3,000,000.00	2.185	3,000,480.00	0.55	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	2.185	3,010,830.00	0.55	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	2.185	3,002,070.00	0.57	02-27-13
Fed Farm Credit	(1) 03-19-12	3,000,000.00	03-19-15	0.580	3,000,000.00	2.185	3,003,030.00	0.57	
Federal National Mortgage Assoc.	(1) 03-26-12	3,000,000.00	03-26-15	0.700	3,000,000.00	2.185	3,004,200.00	0.59	03-26-13
Fed Farm Credit	(1) 04-02-12	3,000,000.00	04-02-15	0.740	3,000,000.00	2.185	3,004,740.00	0.59	04-02-13
Federal National Mortgage Assoc.	(1) 04-17-12	3,000,000.00	04-17-15	0.750	3,000,000.00	2.185	3,004,860.00	0.59	04-17-13
Federal National Mortgage Assoc.	(1) 04-30-12	3,000,000.00	04-30-15	0.600	3,000,000.00	2.185	3,003,840.00	0.61	04-30-13
Federal National Mortgage Assoc.	(1) 04-30-12	3,000,000.00	04-30-15	0.650	3,000,000.00	2.185	3,004,290.00	0.61	04-30-13
Fed Farm Credit	(1) 06-12-12	3,000,000.00	05-08-15	0.560	3,000,000.00	2.185	3,004,260.00	0.61	05-08-13
Federal National Mortgage Assoc.	(1) 05-22-12	3,000,000.00	05-22-15	0.650	3,000,000.00	2.185	3,004,200.00	0.63	05-22-13
Federal National Mortgage Assoc.	(1) 05-29-12	3,000,000.00	05-29-15	0.600	3,000,000.00	2.185	3,004,230.00	0.63	05-29-13
Fed Farm Credit	(1) 07-09-12	3,000,000.00	07-09-15	0.570	3,000,000.00	2.185	3,000,120.00	0.66	
Federal National Mortgage Assoc.	(1) 07-10-12	3,000,000.00	07-10-15	0.375	3,000,000.00	2.185	3,000,180.00	0.66	01-10-13
Federal National Mortgage Assoc.	(1) 08-13-12	3,000,000.00	08-13-15	0.520	3,000,000.00	2.185	3,001,110.00	0.68	02-13-13
Federal National Mortgage Assoc.	(1) 08-20-12	3,000,000.00	08-20-15	0.500	3,000,000.00	2.185	3,003,840.00	0.70	08-20-13
Fed Farm Credit	(1) 10-29-12	3,000,000.00	08-27-15	0.479	3,000,000.00	2.185	3,004,830.00	0.70	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	2.185	3,002,670.00	0.70	
Fed Farm Credit	(1) 09-17-12	3,000,000.00	09-17-15	0.480	3,000,000.00	2.185	3,001,800.00	0.72	
Fed Farm Credit	(1) 10-29-12	3,000,000.00	09-17-15	0.479	3,000,000.00	2.185	3,001,800.00	0.72	09-17-13
Federal National Mortgage Assoc.	(1) 09-25-12	3,000,000.00	09-25-15	0.500	3,000,000.00	2.185	3,005,010.00	0.72	
Fed Farm Credit	(1) 10-01-12	3,000,000.00	10-01-15	0.440	3,000,000.00	2.185	3,001,530.00	0.72	10-01-13
Fed Farm Credit	(1) 11-15-12	3,000,000.00	11-13-15	0.440	3,000,000.00	2.185	3,000,540.00	0.74	
Federal Home Loan Bank	(1) 11-13-12	3,000,375.00	11-13-15	0.550	3,000,000.00	2.185	3,001,470.00	0.74	
Federal National Mortgage Assoc.	(1) 11-27-12	3,002,250.00	11-25-15	0.480	3,000,000.00	2.185	3,002,700.00	0.76	
Fed Farm Credit	(1) 12-17-12	2,999,100.00	12-17-15	0.400	3,000,000.00	2.185	2,996,010.00	0.79	

Total Securities		96,001,725.00		0.599	96,000,000.00	69.915	96,117,480.00	19.34	

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

31 DEC 2012

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

CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-12	95,000.00	03-03-13	0.250	95,000.00	0.069		0.00	
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Total Certificate of Deposits				0.250	95,000.00	0.069		0.00	
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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.326	23,362,140.66	17.014		0.17	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.850	17,852,032.66	13.001		0.13	
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Total Liquid Accounts				0.553	41,214,173.32	30.016		0.30	
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SUB-TOTAL			(average weighted yield)	0.585	137,309,173.32	100.00		19.64	
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CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				0.540	1,074,000.00	6.061			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	54,956.05	0.310			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.615			
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	1,551,128.13	8.753			
2005 WATER REVENUE BONDS-FFCB			10-24-14	0.900	2,100,000.00	11.850			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	10,209.16	0.058			
2006 WATER REVENUE BONDS-FFCB			10-24-14	0.900	1,500,000.00	8.465			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	7,557.79	0.043			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	5.366			
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.020	734,600.00	4.145			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,918.14	0.146			
RECYCLE WATER PROJECT 2007A-MMF				0.000	219.43	0.001			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.491			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.508			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.040	50,094.68	0.283			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	442,302.49	2.496			
RWC ONE MARINA 2011 RESERVE FUND				0.040	506,309.59	2.857			
RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.020	617.97	0.003			

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RWC PACIFIC SHORES 2000A-RESERVE FUND				0.020	555,530.00	3.135			
TRAFFIC IMPACT FUND			03-05-14	0.470	4,300,000.00	24.265			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,068,067.32	11.670			
2007 WATER REV BONDS - LAIF				0.460	1,502,437.04	8.478			
Total with Fiscal Agents					17,720,818.74	100.0			
TOTAL BOTH PORTFOLIOS					<u>155,029,992.06</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 DEC 2012:

\$96,000,000.00	securities
\$95,000.00	cds
\$41,214,173.32	liquids

\$137,309,173.32	securities & liquid = "idle funds"
\$95,000.00	cds
\$41,214,173.32	liquids
3,001,350.00	FHLMC
3,020,070.00	FNMA
3,007,590.00	FNMA
3,012,480.00	FNMA
3,000,390.00	FFC

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

31 DEC 2012

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		3,000,960.00	FHLMC						
		3,000,480.00	FNMA						
		3,010,830.00	FHLMC						
		3,002,070.00	FHLMC						
		3,003,030.00	FFC						
		3,004,200.00	FNMA						
		3,004,740.00	FFC						
		3,004,860.00	FNMA						
		3,003,840.00	FNMA						
		3,004,290.00	FNMA						
		3,004,260.00	FFC						
		3,004,200.00	FNMA						
		3,004,230.00	FNMA						
		3,000,120.00	FFC						
		3,000,180.00	FNMA						
		3,001,110.00	FNMA						
		3,003,840.00	FNMA						
		3,004,830.00	FFC						
		3,002,670.00	FHLMC						
		3,001,800.00	FFC						
		3,001,800.00	FFC						
		3,005,010.00	FNMA						
		3,001,530.00	FFC						
		3,000,540.00	FFC						
		3,001,470.00	FHLB						
		3,002,700.00	FNMA						

 \$134,430,643.32 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)

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

31 DEC 2012

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
31 DEC 2012 result:	Policy Requirements Based on Current Investments		Actual Investments						
	1	\$68,607,086.66			\$134,430,643.32				
	2	\$68,607,086.66			\$90,096,060.00				
	3	\$34,303,543.33			\$84,075,990.00				