

REPORT

To the Honorable Mayor and City Council
From the City Manager

September 13, 2012

Subject

Monthly Investment Report for Period Ending August 31, 2012.

Background

The attached investment report indicates that on August 31, 2012 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$118,980,863.65 were invested producing an average yield of 0.615%. The target Fed Funds rate for August 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 August:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Fannie Mae	08/13/2012	\$ 3,000,000.00	0.520%	08/13/2015
Fannie Mae	08/20/2012	\$ 3,000,000.00	0.500%	08/20/2015

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


Investment Type	Date	Par Amount	Interest Rate
Fannie Mae	08/08/2012	\$ 3,000,000.00	1.020 %
Federal Home Loan Bank – partial call	08/14/2012	\$ 2,727,272.73	0.600 %
Fannie Mae	08/28/2012	\$ 3,000,000.00	0.650 %

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:

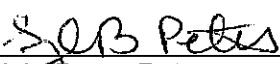
Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$ 59,442,931.83	\$ 119,139,656.38
With maturity greater than one year (max)	\$ 59,442,931.83	\$ 75,425,790.00
With maturity greater than two year (max)	\$ 29,721,465.91	\$ 69,399,600.00

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

As of August 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 AUG 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	2.521	3,005,730.00	0.13	01-30-13
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.521	3,025,770.00	0.30	
Federal Home Loan Mortgage Corp.	(1) 09-20-11	3,000,000.00	03-20-14	0.520	3,000,000.00	2.521	3,000,420.00	0.45	09-20-12
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.521	3,010,290.00	0.61	09-12-13
Fed Farm Credit	(1) 10-24-11	3,000,000.00	10-24-14	0.900	3,000,000.00	2.521	3,002,100.00	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	2.521	3,002,970.00	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	2.521	3,003,750.00	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	2.521	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	2.521	3,006,000.00	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	2.521	3,005,220.00	0.73	01-23-12
Federal National Mortgage Assoc.	(1) 01-23-12	3,000,000.00	01-23-15	0.500	3,000,000.00	2.521	3,001,950.00	0.73	01-23-13
Federal Home Loan Bank	(1) 08-14-12	272,727.27	02-10-15	0.600	272,727.27	0.229	272,730.00	0.07	
Federal Home Loan Mortgage Corp.	(1) 02-13-12	3,000,000.00	02-13-15	0.550	3,000,000.00	2.521	3,010,710.00	0.73	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	2.521	3,004,410.00	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	2.521	3,005,280.00	0.78	
Federal National Mortgage Assoc.	(1) 03-26-12	3,000,000.00	03-26-15	0.700	3,000,000.00	2.521	3,010,470.00	0.78	03-26-13
Fed Farm Credit	(1) 04-02-12	3,000,000.00	04-02-15	0.740	3,000,000.00	2.521	3,008,640.00	0.78	04-02-13
Federal National Mortgage Assoc.	(1) 04-17-12	3,000,000.00	04-17-15	0.750	3,000,000.00	2.521	3,007,680.00	0.78	04-17-13
Federal National Mortgage Assoc.	(1) 04-30-12	3,000,000.00	04-30-15	0.600	3,000,000.00	2.521	3,004,680.00	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	2.521	3,005,640.00	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	2.521	3,005,640.00	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	2.521	3,005,100.00	0.83	05-22-13
Federal National Mortgage Assoc.	(1) 05-29-12	3,000,000.00	05-29-15	0.600	3,000,000.00	2.521	3,005,010.00	0.83	05-29-13
Fed Farm Credit	(1) 07-09-12	3,000,000.00	07-09-15	0.570	3,000,000.00	2.521	3,001,050.00	0.86	
Federal National Mortgage Assoc.	(1) 07-10-12	3,000,000.00	07-10-15	0.375	3,000,000.00	2.521	3,001,710.00	0.86	01-10-13
Federal National Mortgage Assoc.	(1) 08-13-12	3,000,000.00	08-13-15	0.520	3,000,000.00	2.521	3,000,960.00	0.88	02-13-13
Federal National Mortgage Assoc.	(1) 08-20-12	3,000,000.00	08-20-15	0.500	3,000,000.00	2.521	3,003,750.00	0.91	08-20-13
Total Securities		78,272,727.27		0.672	78,272,727.27	65.786	78,431,520.00	18.65	

CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-12	95,000.00	03-03-13	0.250	95,000.00	0.080		0.00	
Total Certificate of Deposits				0.250	95,000.00	0.080		0.00	

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

31 AUG 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				0.377	26,689,131.10	22.431		0.22	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.750	13,924,005.28	11.703		0.12	

Total Liquid Accounts				0.505	40,613,136.38	34.134		0.34	

SUB-TOTAL			(average weighted yield)	0.615	118,980,863.65	100.00		19.00	

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	0.975			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.230	182,000.00	0.975			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.020	13,650.85	0.073			
2001A RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	313,125.00	1.677			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	1,128,956.05	6.048			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.583			
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	1,543,000.06	8.266			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.804			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.020	236,283.80	1.266			
2003B RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	304,994.38	1.634			
2005 WATER REVENUE BONDS-FFCB			10-24-14	0.900	2,100,000.00	11.249			
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	8.035			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	807.78	0.004			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	5.094			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,918.14	0.139			
RECYCLE WATER PROJECT 2007A-MMF				0.000	1,779.40	0.010			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.466			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.482			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.040	263,558.20	1.412			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	442,243.52	2.369			
RWC ONE MARINA 2011 RESERVE FUND				0.040	506,242.08	2.712			

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RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.004	40.84				
RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.020	50,901.42	0.273			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.020	555,500.24	2.976			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.004	63.71				
TRAFFIC IMPACT FUND			03-05-14	0.379	4,300,000.00	23.035			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,062,135.14	11.047			
2007 WATER REV BONDS - LAIF				0.460	1,566,683.83	8.393			
Total with Fiscal Agents					18,667,519.00	100.0			
TOTAL BOTH PORTFOLIOS					<u>137,648,382.65</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 AUG 2012:

\$78,272,727.27	securities
\$95,000.00	cds
\$40,613,136.38	liquids

\$118,980,863.65	securities & liquid = "idle funds"
\$95,000.00	cds
\$40,613,136.38	liquids
3,005,730.00	FHLMC
3,025,770.00	FNMA

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31 AUG 2012

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3,000,420.00									
3,010,290.00									
3,002,100.00									
3,002,970.00									
3,003,750.00									
3,013,860.00									
3,006,000.00									
3,005,220.00									
3,001,950.00									
272,730.00									
3,010,710.00									
3,004,410.00									
3,005,280.00									
3,010,470.00									
3,008,640.00									
3,007,680.00									
3,004,680.00									
3,005,640.00									
3,005,640.00									
3,005,100.00									
3,005,010.00									
3,001,050.00									
3,001,710.00									
3,000,960.00									
3,003,750.00									

 \$119,139,656.38 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 AUG 2012 Policy Requirements

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

31 AUG 2012

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

result:	Based on Current Investments		Actual Investments						
	-----		-----						
	1	\$59,442,931.83							
	2	\$59,442,931.83							
	3	\$29,721,465.91							