

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

September 13, 2013

## Subject

Monthly Investment Report for Period Ending August 31, 2013.

## Background

The attached investment report indicates that on August 31, 2013 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$120,721,269.92 were invested producing an average yield of 0.517%. 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	08/19/2013	\$ 3,000,000.00	0.900%	08/19/2016
Fannie Mae	08/19/2013	\$ 3,000,000.00	0.650%	02/19/2016

No securities matured, were called, or sold in the month of August 31.

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)	\$ 60,313,134.96	\$ 69,733,059.92
With maturity greater than one year (max)	\$ 60,313,134.96	\$ 65,868,360.00
With maturity greater than two year (max)	\$ 30,156,567.48	\$ 50,858,190.00

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/ Treasurer



Sylvia Bravo Peters  
Management Analyst/ Deputy Treasurer

c: Robert Bell, City Manager  
Audrey Ramberg, Assistant City Manager

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

31 AUG 2013

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
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US AGENCIES, SECURITIES, AND CORPORATE NOTES									
Federal National Mortgage Assoc.	09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.485	3,001,230.00	0.00	
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.485	3,000,330.00	0.30	09-12-13
Federal National Mortgage Assoc.	(1) 12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.485	3,004,560.00	0.37	12-23-13
Federal Home Loan Mortgage Corp.	(1) 02-13-12	3,000,000.00	02-13-15	0.550	3,000,000.00	2.485	3,005,460.00	0.42	02-13-14
Federal National Mortgage Assoc.	(1) 08-20-12	3,000,000.00	08-20-15	0.500	3,000,000.00	2.485	2,999,790.00	0.57	08-20-13
Fed Farm Credit	(1) 10-29-12	3,000,000.00	08-27-15	0.479	3,000,000.00	2.485	3,000,030.00	0.60	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	2.485	2,997,390.00	0.60	
Fed Farm Credit	(1) 09-17-12	3,000,000.00	09-17-15	0.480	3,000,000.00	2.485	2,997,720.00	0.60	
Fed Farm Credit	(1) 10-29-12	3,000,000.00	09-17-15	0.479	3,000,000.00	2.485	2,997,720.00	0.60	09-17-13
Federal National Mortgage Assoc.	(1) 09-25-12	3,000,000.00	09-25-15	0.500	3,000,000.00	2.485	3,000,180.00	0.62	
Fed Farm Credit	(1) 10-01-12	3,000,000.00	10-01-15	0.440	3,000,000.00	2.485	2,996,880.00	0.62	10-01-13
Fed Farm Credit	(1) 11-15-12	3,000,000.00	11-13-15	0.440	3,000,000.00	2.485	2,994,120.00	0.65	
Federal National Mortgage Assoc.	(1) 11-27-12	3,002,250.00	11-25-15	0.480	3,000,000.00	2.485	2,992,980.00	0.67	
Fed Farm Credit	(1) 12-17-12	2,999,100.00	12-17-15	0.400	3,000,000.00	2.485	2,988,540.00	0.67	
Federal Home Loan Mortgage Corp.	(1) 06-24-13	3,000,000.00	12-24-15	0.500	3,000,000.00	2.485	2,991,330.00	0.70	
Federal National Mortgage Assoc.	(1) 01-29-13	3,001,500.00	01-29-16	0.450	3,000,000.00	2.485	2,988,540.00	0.72	
Fed Farm Credit	(1) 02-11-13	3,000,000.00	02-11-16	0.490	3,000,000.00	2.485	2,990,760.00	0.72	
Federal Home Loan Bank	(1) 02-12-13	3,000,900.00	02-12-16	0.550	3,000,000.00	2.485	2,985,330.00	0.72	
Federal National Mortgage Assoc.	(1) 08-19-13	3,000,000.00	02-19-16	0.650	3,000,000.00	2.485	2,996,160.00	0.75	
Fed Farm Credit	(1) 02-22-13	2,999,400.00	02-22-16	0.490	3,000,000.00	2.485	2,989,110.00	0.75	
Federal National Mortgage Assoc.	(1) 05-22-13	3,000,750.00	05-20-16	0.449	3,000,000.00	2.485	2,976,990.00	0.82	
Fed Farm Credit	(1) 06-06-13	2,998,062.00	06-06-16	0.540	3,000,000.00	2.485	2,981,940.00	0.82	06-06-14
Federal National Mortgage Assoc.	(1) 08-19-13	3,000,000.00	08-19-16	0.900	3,000,000.00	2.485	2,992,500.00	0.89	
Total Securities		69,001,962.00		0.558	69,000,000.00	57.156	68,869,590.00	14.16	
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-13	95,000.00	03-03-14	0.350	95,000.00	0.079		0.00	
Total Certificate of Deposits				0.350	95,000.00	0.079		0.00	
LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.271	24,084,166.68	19.950		0.20	

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

31 AUG 2013

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
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COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.630	27,542,103.24	22.815		0.23	
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Total Liquid Accounts				0.463	51,626,269.92	42.765		0.43	
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SUB-TOTAL			(average weighted yield)	0.517	120,721,269.92	100.00		14.60	
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CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.000	1.67				
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.588			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN			11-07-16	1.050	1,544,959.68	8.347			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	9.60				
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	29.51				
2006 WATER REVENUE BONDS-FFCB			05-20-16	0.625	1,500,000.00	8.104			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	90,803.34	0.491			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	5.137			
2012B RWS TRANS IMPRVMT BONDS-COST OF ISSUANCE FUND				0.020	13,889.10	0.075			
2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF				0.020	771,250.00	4.167			
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.020	734,016.85	3.965			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,918.14	0.140			
RECYCLE WATER PROJECT 2007A-MMF				0.000	869.42	0.005			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.040	3.24				
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	442,420.25	2.390			
RWC ONE MARINA 2011 RESERVE FUND				0.040	505,655.93	2.732			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.020	1,395,550.00	7.539			
RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.875	551,278.40	2.978			
RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.020	618.08	0.003			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.020	3,775.95	0.020			
RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC			05-20-16	0.625	2,000,000.00	10.805			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-CD				1.750	87,755.86	0.474			
TRAFFIC IMPACT FUND			09-17-14	0.480	4,300,000.00	23.230			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,078,387.65	11.228			
WATER REVENUE REFUNDING BONDS 2013-DELIVERY COSTS				0.040	26,624.39	0.144			
WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT				0.000	4.07				
WATER REVENUE REFUNDING BONDS SERIES 2013-PAYMENT ACCT				0.040	0.31				
2007 WATER REV BONDS - LAIF				0.460	1,376,575.88	7.437			
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31 AUG 2013

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Total with Fiscal Agents					18,510,256.66	100.0			
TOTAL BOTH PORTFOLIOS					<u>139,231,526.58</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 2013:

\$69,000,000.00 securities

\$95,000.00 cds

\$51,626,269.92 liquids

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\$120,721,269.92 securities & liquid = "idle funds"

\$95,000.00 cds

\$51,626,269.92 liquids

3,001,230.00 FNMA

3,000,330.00 FNMA

3,004,560.00 FNMA

3,005,460.00 FHLMC

3,000,030.00 FFC

3,000,180.00 FNMA

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\$69,733,059.92 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

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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 2013 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$60,313,134.96	\$69,733,059.92
	2 \$60,313,134.96	\$65,868,360.00
	3 \$30,156,567.48	\$50,858,190.00