

REPORT

To the Honorable Mayor and City Council
From the City Manager

June 12, 2012

Subject

Monthly Investment Report for Period Ending May 31, 2012.

Background

The attached investment report indicates that on May 31, 2012 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$ 129,696,027.84 were invested producing an average yield of 0.705 %. The target Fed Funds rate for May was 0.25%. The report represents that all securities in which City funds, including all trust funds and agency funds are invested (excluding deferred compensation plans) and that all of these investments are in compliance with the City policy.

Securities purchased in the month of May:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal National Mortgage Assoc	05/22/2012	\$3,000,000.00	0.650%	05/22/2015
Federal National Mortgage Assoc	05/29/2012	\$3,000,000.00	0.600%	05/29/2015

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

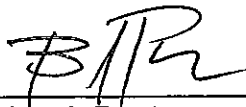
Investment Type	Date	Par Amount	Interest Rate
Federal Farm Credit Bank	05/02/2012	\$ 3,000,000.00	1.340 %
Federal Home Loan Mortgage Corp	05/03/2012	\$ 3,000,000.00	1.000 %
Federal Home Loan Bank	05/16/2012	\$ 3,000,000.00	1.320 %
Federal Home Loan Bank	05/23/2012	\$ 3,000,000.00	1.125 %

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:

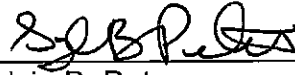
Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$64,800,513.92	\$114,816,537.84
With maturity greater than one year (max)	\$64,800,513.92	\$ 84,099,540.00
With maturity greater than two year (max)	\$32,400,256.96	\$ 78,067,470.00

Investment brokers used to purchase securities for the City this month: Morgan Stanley Smith Barney and Cantor Fitzgerald.

As of May 31, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.



Brian J. Ponty
Director of Finance



Sylvia B. 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 MAY 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 Bank	06-06-11	3,000,000.00	06-06-12	1.250	3,000,000.00	2.313	3,000,420.00	0.00	06-06-12
Federal Home Loan Mortgage Corp.	09-12-11	3,000,000.00	06-12-12	0.500	3,000,000.00	2.313	3,000,150.00	0.00	06-12-12
Federal National Mortgage Assoc.	12-15-11	3,000,000.00	06-15-12	1.163	3,000,000.00	2.313	3,000,180.00	0.00	06-15-12
Federal Home Loan Mortgage Corp.	01-30-12	3,000,000.00	01-30-13	0.800	3,000,000.00	2.313	3,006,150.00	0.19	01-30-13
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.313	3,029,610.00	0.35	
Federal Home Loan Mortgage Corp.	(1) 09-20-11	3,000,000.00	03-20-14	0.520	3,000,000.00	2.313	3,002,460.00	0.49	09-20-12
Federal Home Loan Bank	(1) 06-13-11	3,000,000.00	06-13-14	1.150	3,000,000.00	2.313	3,000,930.00	0.56	06-13-12
Federal National Mortgage Assoc.	(1) 06-27-11	3,000,000.00	06-27-14	1.000	3,000,000.00	2.313	3,001,500.00	0.58	06-27-12
Federal Home Loan Bank	(1) 07-18-11	3,000,000.00	07-18-14	1.000	3,000,000.00	2.313	3,002,790.00	0.58	07-18-12
Federal National Mortgage Assoc.	(1) 08-08-11	3,000,000.00	08-08-14	1.020	3,000,000.00	2.313	3,003,900.00	0.60	08-08-12
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	08-28-14	0.640	3,000,000.00	2.313	3,002,250.00	0.62	08-28-12
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.313	3,007,560.00	0.62	09-12-13
Fed Farm Credit	(1) 10-24-11	3,000,000.00	10-24-14	0.900	3,000,000.00	2.313	3,003,390.00	0.67	10-24-12
Federal National Mortgage Assoc.	(1) 11-07-11	3,000,000.00	11-07-14	0.900	3,000,000.00	2.313	3,005,880.00	0.67	11-07-12
Federal National Mortgage Assoc.	(1) 12-22-11	3,000,000.00	12-19-14	0.750	3,000,000.00	2.313	3,004,020.00	0.72	12-19-12
Fed Farm Credit	(1) 12-22-11	3,000,000.00	12-22-14	0.770	3,000,000.00	2.313	3,000,600.00	0.72	06-22-12
Federal National Mortgage Assoc.	(1) 12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.313	3,008,550.00	0.72	12-23-13
Fed Farm Credit	(1) 01-09-12	3,000,000.00	01-09-15	0.770	3,000,000.00	2.313	3,006,030.00	0.72	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	2.313	3,005,430.00	0.74	01-23-12
Federal National Mortgage Assoc.	(1) 01-23-12	3,000,000.00	01-23-15	0.500	3,000,000.00	2.313	3,000,750.00	0.74	01-23-13
Federal National Mortgage Assoc.	(1) 01-30-12	3,000,000.00	01-30-15	0.500	3,000,000.00	2.313	3,000,780.00	0.74	07-30-12
Federal Home Loan Bank	(1) 02-10-12	3,000,000.00	02-10-15	0.600	3,000,000.00	2.313	3,000,120.00	0.74	05-10-12
Federal Home Loan Mortgage Corp.	(1) 02-13-12	3,000,000.00	02-13-15	0.550	3,000,000.00	2.313	3,002,550.00	0.74	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	2.313	3,001,260.00	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	2.313	2,997,060.00	0.79	
Federal National Mortgage Assoc.	(1) 03-26-12	3,000,000.00	03-26-15	0.700	3,000,000.00	2.313	3,011,910.00	0.79	03-26-13
Fed Farm Credit	(1) 04-02-12	3,000,000.00	04-02-15	0.740	3,000,000.00	2.313	3,005,730.00	0.79	04-02-13
Federal National Mortgage Assoc.	(1) 04-17-12	3,000,000.00	04-17-15	0.750	3,000,000.00	2.313	3,005,610.00	0.81	04-17-13
Federal National Mortgage Assoc.	(1) 04-30-12	3,000,000.00	04-30-15	0.600	3,000,000.00	2.313	2,996,670.00	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	2.313	2,999,640.00	0.81	04-30-13
Federal National Mortgage Assoc.	(1) 05-22-12	3,000,000.00	05-22-15	0.650	3,000,000.00	2.313	2,995,920.00	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	2.313	2,996,640.00	0.83	05-29-13
Total Securities		96,000,000.00		0.767	96,000,000.00	74.019	96,106,440.00	19.71	

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

31 MAY 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	0.073		0.01	
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Total Certificate of Deposits				0.250	95,000.00	0.073		0.01	
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LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.363	23,057,275.00	17.778		0.18	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.890	10,543,752.84	8.130		0.08	
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Total Liquid Accounts				0.528	33,601,027.84	25.908		0.26	
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SUB-TOTAL		(average weighted yield)		0.705	129,696,027.84	100.00		19.97	
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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	0.843			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.230	182,000.00	0.843			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.020	12,169.41	0.056			
2001A RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	0.28				
2003 A RDA TAX ALLOCATION BONDS-RESERVE FUND			09-28-15	1.050	1,551,100.87	7.183			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				1.680	1,100,000.00	5.094			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	19,606.05	0.091			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.504			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	474.47	0.002			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.695			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.020	235,152.38	1.089			
2003B RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.000	0.52				
2005 WATER REVENUE BONDS-FFCB			10-24-14	0.900	2,100,000.00	9.725			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	10,217.51	0.047			
2006 WATER REVENUE BONDS-FFCB			10-24-14	0.900	1,500,000.00	6.947			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	7,566.66	0.035			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	4.404			
RDA PROJECT AREA #2 SERIES 2003A-SPECIAL FUND				0.002	680,224.50	3.150			

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31 MAY 2012

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RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,918.14	0.120			
RECYCLE WATER PROJECT 2007A-MMF				0.000	224.11	0.001			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.403			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.417			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.050	263,531.70	1.220			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.050	442,186.74	2.048			
RWC ONE MARINA 2011 RESERVE FUND				0.050	506,191.18	2.344			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.004	1,212,018.32	5.613			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.004	1,942,999.57	8.998			
TRAFFIC IMPACT FUND			03-05-14	0.379	4,300,000.00	19.914			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,062,133.50	9.550			
2007 WATER REV BONDS - LAIF				0.460	1,870,245.98	8.661			
Total with Fiscal Agents					21,592,827.35	100.0			
TOTAL BOTH PORTFOLIOS					<u>151,288,855.19</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 MAY 2012:

\$96,000,000.00 securities

\$95,000.00 cds

\$33,601,027.84 liquids

\$129,696,027.84 securities & liquid = "idle funds"

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31 MAY 2012

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		\$95,000.00							
		\$33,601,027.84							
		3,000,420.00							
		3,000,150.00							
		3,000,180.00							
		3,006,150.00							
		3,029,610.00							
		3,002,460.00							
		3,000,930.00							
		3,001,500.00							
		3,002,790.00							
		3,003,900.00							
		3,002,250.00							
		3,007,560.00							
		3,003,390.00							
		3,005,880.00							
		3,004,020.00							
		3,000,600.00							
		3,008,550.00							
		3,006,030.00							
		3,005,430.00							
		3,000,750.00							
		3,000,780.00							
		3,000,120.00							
		3,002,550.00							
		3,001,260.00							
		3,011,910.00							
		3,005,730.00							
		3,005,610.00							

 \$114,816,537.84 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

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

31 MAY 2012

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(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 MAY 2012
result:

Policy Requirements
Based on
Current Investments

Actual
Investments

1	\$64,800,513.92	\$114,816,537.84
2	\$64,800,513.92	\$84,099,540.00
3	\$32,400,256.96	\$78,067,470.00