

REPORT

To the Honorable Mayor and City Council
From the City Manager

March 18, 2015

Subject

Monthly Investment Report for Period Ending February 28, 2015.

Background

The attached investment report indicates that on February 28, 2015 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$202,678,350.19 were invested producing an average yield of 0.850%. The target Fed Funds rate for February 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). All of these investments are in compliance with the City policy.

Securities purchased in the month of February:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Fannie Mae	02/13/2015	\$ 3,000,000.00	1.000%	02/13/2018
Federal Home Loan Mortgage Corp	02/23/2015	\$ 3,000,000.00	1.200%	02/20/2018
Federal Home Loan Mortgage Corp	02/25/2015	\$ 3,000,000.00	1.000%	08/25/2017
Federal Home Loan Bank	02/27/2015	\$ 3,000,000.00	1.250%	02/27/2018

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Mortgage Corp	02/3/2015	\$ 3,000,000.00	1.000%

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:

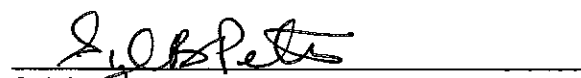
Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$ 101,291,675.10	\$ 133,715,130.19
With maturity greater than one year (max)	\$ 101,291,675.10	\$ 122,903,370.00
With maturity greater than two year (max)	\$ 50,645,837.55	\$ 96,916,030.00

Currently, more than 25% of idle funds are invested in securities that will not mature for two years or longer. This is the result of three-year callable bonds, purchased due to their higher yield, being called early as interest rates change, thus restarting the term as these funds are reinvested.

The investment brokers used to purchase securities for the City this month were Morgan Stanley Smith Barney and Mischler Financial Group.

As of February 28 the City has sufficient liquid resources available to meet expenditure requirements for the next six months.


Audrey Seymour Ramberg
Interim Director of Finance/ Treasurer


Sylvia Bravo Peters
Management Analyst / 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

28 FEB 2015

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										
Fed Farm Credit	(1)	06-06-13	2,998,062.00	06-06-16	0.540	3,000,000.00	1.480	2,996,430.00	0.22	
Federal Home Loan Mortgage Corp.	(1)	10-07-13	2,993,220.00	09-14-16	0.728	3,000,000.00	1.480	2,989,530.00	0.27	
Federal Home Loan Mortgage Corp.	(1)	12-20-13	3,000,000.00	12-20-16	0.720	3,000,000.00	1.480	2,998,440.00	0.33	
Federal Home Loan Mortgage Corp.	(1)	12-27-13	3,000,000.00	12-27-16	0.500	3,000,000.00	1.480	2,997,420.00	0.33	
Federal Home Loan Bank	(1)	01-17-14	3,000,000.00	01-17-17	0.875	3,000,000.00	1.480	3,002,640.00	0.33	
Federal Home Loan Bank	(1)	01-21-14	3,000,000.00	01-17-17	0.875	3,000,000.00	1.480	3,002,640.00	0.33	
Federal Home Loan Bank	(1)	05-22-14	3,000,000.00	02-22-17	0.825	3,000,000.00	1.480	3,000,120.00	0.36	
Federal Home Loan Bank	(1)	05-22-14	3,000,000.00	02-22-17	0.825	3,000,000.00	1.480	3,000,120.00	0.36	
Federal Home Loan Mortgage Corp.	(1)	03-10-14	3,000,000.00	03-10-17	0.850	3,000,000.00	1.480	2,991,750.00	0.36	
Federal Home Loan Mortgage Corp.	(1)	03-17-14	3,000,000.00	03-17-17	0.850	3,000,000.00	1.480	3,000,870.00	0.36	
Federal Home Loan Mortgage Corp.	(1)	04-10-14	3,000,000.00	04-10-17	1.000	3,000,000.00	1.480	2,994,660.00	0.37	
Federal Home Loan Bank	(1)	04-17-14	3,000,000.00	04-17-17	1.000	3,000,000.00	1.480	3,002,670.00	0.37	
Federal Home Loan Mortgage Corp.	(1)	06-26-14	3,000,000.00	06-26-17	1.000	3,000,000.00	1.480	2,991,870.00	0.41	
Federal Home Loan Bank	(1)	06-30-14	3,000,000.00	06-30-17	1.050	3,000,000.00	1.480	3,001,920.00	0.41	
Federal Home Loan Bank	(1)	07-14-14	3,000,000.00	07-14-17	1.050	3,000,000.00	1.480	2,988,540.00	0.41	
Federal Home Loan Mortgage Corp.	(1)	01-28-15	3,000,000.00	07-28-17	1.125	3,000,000.00	1.480	2,993,520.00	0.43	
Federal Home Loan Mortgage Corp.	(1)	11-18-14	3,000,000.00	08-08-17	1.000	3,000,000.00	1.480	2,998,380.00	0.43	
Federal National Mortgage Assoc.	(1)	09-15-14	3,000,000.00	08-15-17	1.100	3,000,000.00	1.480	3,003,180.00	0.43	
Federal Home Loan Mortgage Corp.	(1)	02-25-15	3,000,000.00	08-25-17	1.000	3,000,000.00	1.480	2,998,050.00	0.44	
Fed Farm Credit	(1)	08-28-14	3,000,000.00	08-28-17	1.090	3,000,000.00	1.480	3,001,140.00	0.44	
Federal Home Loan Bank	(1)	12-15-14	3,000,000.00	09-15-17	1.000	3,000,000.00	1.480	2,996,850.00	0.46	
Federal Home Loan Bank	(1)	12-15-14	3,000,000.00	09-15-17	1.000	3,000,000.00	1.480	2,996,850.00	0.46	
Federal National Mortgage Assoc.	(1)	09-15-14	3,000,000.00	09-15-17	1.100	3,000,000.00	1.480	3,003,180.00	0.46	
Federal National Mortgage Assoc.	(1)	11-14-14	2,998,140.00	09-20-17	1.020	3,000,000.00	1.480	3,006,450.00	0.46	
Federal Home Loan Mortgage Corp.	(1)	09-29-14	3,000,000.00	09-29-17	1.200	3,000,000.00	1.480	3,001,410.00	0.46	
Federal Home Loan Bank	(1)	10-30-14	3,000,000.00	10-30-17	1.250	3,000,000.00	1.480	2,997,660.00	0.47	
Federal Home Loan Mortgage Corp.	(1)	11-03-14	3,000,000.00	11-03-17	1.125	3,000,000.00	1.480	2,994,540.00	0.47	
Fed Farm Credit	(1)	11-06-14	2,997,375.00	11-06-17	1.030	3,000,000.00	1.480	2,995,080.00	0.47	
Federal Home Loan Mortgage Corp.	(1)	11-20-14	3,000,000.00	11-20-17	1.125	3,000,000.00	1.480	2,991,750.00	0.49	
Federal Home Loan Mortgage Corp.	(1)	11-21-14	3,000,000.00	11-21-17	1.050	3,000,000.00	1.480	3,004,560.00	0.49	
Federal Home Loan Bank	(1)	11-24-14	3,000,000.00	11-24-17	1.125	3,000,000.00	1.480	2,995,650.00	0.49	
Federal National Mortgage Assoc.	(1)	11-28-14	3,000,000.00	11-27-17	1.070	3,000,000.00	1.480	2,995,680.00	0.49	
Federal Home Loan Mortgage Corp.	(1)	12-11-14	3,000,000.00	11-28-17	1.250	3,000,000.00	1.480	3,000,390.00	0.49	
Federal Home Loan Mortgage Corp.	(1)	12-05-14	3,000,000.00	12-05-17	1.250	3,000,000.00	1.480	2,995,800.00	0.49	
Federal Home Loan Mortgage Corp.	(1)	12-12-14	3,000,000.00	12-12-17	1.250	3,000,000.00	1.480	3,000,870.00	0.49	

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

28 FEB 2015

TYPE		DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
Federal Home Loan Mortgage Corp.	(1)	12-19-14	3,000,000.00	12-19-17	1.200	3,000,000.00	1.480	3,001,410.00	0.50	
Federal Home Loan Mortgage Corp.	(1)	01-30-15	3,000,000.00	01-30-18	1.350	3,000,000.00	1.480	2,991,990.00	0.52	
Federal Home Loan Mortgage Corp.	(1)	01-30-15	3,000,000.00	01-30-18	1.270	3,000,000.00	1.480	3,001,770.00	0.52	
Federal National Mortgage Assoc.	(1)	02-13-15	3,000,000.00	02-13-18	1.000	3,000,000.00	1.480	2,986,350.00	0.53	
Federal Home Loan Mortgage Corp.	(1)	02-23-15	3,000,000.00	02-20-18	1.200	3,000,000.00	1.480	2,989,800.00	0.53	
Federal Home Loan Bank	(1)	02-27-15	3,000,000.00	02-27-18	1.250	3,000,000.00	1.480	3,001,440.00	0.53	
Total Securities			122,986,797.00		1.027	123,000,000.00	60.687	122,903,370.00	17.64	

CERTIFICATE OF DEPOSITS

FIRST NATIONAL BANK		03-03-14	95,000.00	03-03-15	0.350	95,000.00	0.047		0.00	
Total Certificate of Deposits					0.350	95,000.00	0.047		0.00	

LIQUID ACCOUNTS

STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY					0.266	29,558,957.76	14.584		0.15	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY					0.760	50,024,392.43	24.682		0.25	
Total Liquid Accounts					0.577	79,583,350.19	39.266		0.39	
SUB-TOTAL			(average weighted yield)		0.850	202,678,350.19	100.00		18.04	

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	0.763			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN			11-07-16		0.400	1,552,259.07	10.872			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF					0.000	0.04				
2006 WATER REVENUE BONDS-FFCB			06-19-17		1.000	1,500,000.00	10.506			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT					5.451	950,950.00	6.661			
2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC					0.880	733,352.00	5.137			
2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF					0.000	0.67				
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF					0.010	12,322.82	0.086			
RECYCLE WATER 2007 RESERVE FUND -MMF					0.000	25,774.15	0.181			
RECYCLE WATER PROJECT 2007A-MMF					0.000	4,206.08	0.029			

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28 FEB 2015

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REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	0.02				
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.000	7.61				
RWC ONE MARINA 2011 RESERVE FUND				0.870	513,582.01	3.597			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.000	1.40				
RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.880	551,278.40	3.861			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.010	12,546.93	0.088			
RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC			06-19-17	1.000	2,000,000.00	14.009			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-CD				0.030	61,860.91	0.433			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	5,236,833.90	36.680			
WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT				0.000	4.07				
WATER REVENUE REFUNDING BONDS SERIES 2013-PAYMENT ACCT				0.000	2.39				
2007 WATER REV BONDS - LAIF				0.262	1,013,064.85	7.096			
Total with Fiscal Agents					14,276,958.33	100.0			
TOTAL BOTH PORTFOLIOS					<u>216,955,308.52</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 28 FEB 2015:

\$123,000,000.00 securities

\$95,000.00 cds

\$79,583,350.19 liquids

\$202,678,350.19 securities & liquid = "idle funds"

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28 FEB 2015

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		\$95,000.00							
		\$79,583,350.19							
		3,002,640.00							
		3,002,640.00							
		3,000,120.00							
		3,000,120.00							
		3,000,870.00							
		3,002,670.00							
		3,001,920.00							
		3,003,180.00							
		3,001,140.00							
		3,003,180.00							
		3,006,450.00							
		3,001,410.00							
		3,004,560.00							
		3,000,390.00							
		3,000,870.00							
		3,001,410.00							
		3,001,770.00							
		3,001,440.00							

 \$133,715,130.19 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)

28 FEB 2015	Policy Requirements	
result:	Based on	Actual
	Current Investments	Investments
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	\$101,291,675.10	\$133,715,130.19

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

28 FEB 2015

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		2\$101,291,675.10							
		3 \$50,645,837.55							
		\$122,903,370.00							
		\$98,916,030.00							