

REPORT

To the Honorable Mayor and City Council
From the City Manager

April 11, 2014

Subject

Monthly Investment Report for Period Ending March 31, 2014.

Background

The attached investment report indicates that on March 31, 2014 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$163,157,284.64 were invested producing an average yield of 0.578%. The target Fed Funds rate for March 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 March:

| Investment Type | Date purchased | Par Amount | Interest Rate | Matures |
|---------------------------------|----------------|-----------------|---------------|------------|
| Certificate of Deposit | 03/03/2014 | \$ 95,000.00 | 0.350% | 03/03/2015 |
| Federal Home Loan Mortgage Corp | 03/10/2014 | \$ 3,000,000.00 | 0.850% | 03/10/2017 |
| Federal Home Loan Bank | 03/10/2014 | \$ 3,000,000.00 | 0.900% | 03/10/2017 |
| Federal Home Loan Mortgage Corp | 03/17/2014 | \$ 3,000,000.00 | 0.850% | 03/17/2017 |
| Federal Home Loan Bank | 03/17/2014 | \$ 3,000,000.00 | 0.900% | 03/17/2017 |

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

| Investment Type | Date | Par Amount | Interest Rate |
|----------------------------------|------------|-----------------|---------------|
| Certificate of Deposit | 03/03/2014 | \$ 95,000.00 | 0.350% |
| Federal Farm Credit Bank | 03/04/2014 | \$ 3,000,000.00 | 0.440% |
| Federal National Mortgage Assoc. | 03/06/2014 | \$ 1,300,000.00 | 1.000% |
| Federal National Mortgage Assoc. | 03/12/2014 | \$ 1,700,000.00 | 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) | \$ 81,531,142.32 | \$ 124,171,204.64 |
| With maturity greater than one year (max) | \$ 81,531,142.32 | \$ 59,904,510.00 |
| With maturity greater than two year (max) | \$ 40,765,571.16 | \$ 47,906,250.00 |

As of March 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 MAR 2014

| 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 National Mortgage Assoc. | (1) | 11-27-12 | 3,002,250.00 | 11-25-15 | 0.480 | 3,000,000.00 | 1.839 | 3,003,240.00 | 0.37 | |
| Fed Farm Credit | (1) | 12-17-12 | 2,999,100.00 | 12-17-15 | 0.400 | 3,000,000.00 | 1.839 | 2,994,720.00 | 0.37 | |
| Fed Farm Credit | (1) | 02-11-13 | 3,000,000.00 | 02-11-16 | 0.490 | 3,000,000.00 | 1.839 | 3,000,150.00 | 0.40 | |
| Fed Farm Credit | (1) | 02-22-13 | 2,999,400.00 | 02-22-16 | 0.490 | 3,000,000.00 | 1.839 | 3,000,150.00 | 0.42 | |
| Federal National Mortgage Assoc. | (1) | 05-22-13 | 3,000,750.00 | 05-20-16 | 0.449 | 3,000,000.00 | 1.839 | 2,992,320.00 | 0.48 | |
| Fed Farm Credit | (1) | 06-06-13 | 2,998,062.00 | 06-06-16 | 0.540 | 3,000,000.00 | 1.839 | 2,997,990.00 | 0.48 | 06-06-14 |
| Federal Home Loan Mortgage Corp. | (1) | 10-07-13 | 2,993,220.00 | 09-14-16 | 0.728 | 3,000,000.00 | 1.839 | 2,996,220.00 | 0.53 | |
| Federal National Mortgage Assoc. | (1) | 10-07-13 | 3,000,000.00 | 10-07-16 | 1.125 | 3,000,000.00 | 1.839 | 3,000,540.00 | 0.55 | |
| Federal Home Loan Bank | (1) | 11-14-13 | 3,000,000.00 | 11-14-16 | 0.875 | 3,000,000.00 | 1.839 | 3,005,100.00 | 0.57 | |
| Federal Home Loan Mortgage Corp. | (1) | 12-20-13 | 3,000,000.00 | 12-20-16 | 0.720 | 3,000,000.00 | 1.839 | 2,988,090.00 | 0.61 | |
| Federal Home Loan Mortgage Corp. | (1) | 12-27-13 | 3,000,000.00 | 12-27-16 | 0.500 | 3,000,000.00 | 1.839 | 2,995,860.00 | 0.61 | 06-27-14 |
| Federal Home Loan Bank | (1) | 01-17-14 | 3,000,000.00 | 01-17-17 | 0.875 | 3,000,000.00 | 1.839 | 2,996,220.00 | 0.63 | |
| Federal Home Loan Bank | (1) | 01-21-14 | 3,000,000.00 | 01-17-17 | 0.088 | 3,000,000.00 | 1.839 | 2,996,220.00 | 0.63 | |
| Federal Home Loan Bank | (1) | 01-30-14 | 3,000,000.00 | 01-30-17 | 1.050 | 3,000,000.00 | 1.839 | 3,002,130.00 | 0.63 | |
| Federal Home Loan Bank | (1) | 02-13-14 | 3,000,000.00 | 02-13-17 | 1.000 | 3,000,000.00 | 1.839 | 2,996,910.00 | 0.64 | |
| Federal Home Loan Bank | (1) | 02-14-14 | 3,000,000.00 | 02-14-17 | 1.050 | 3,000,000.00 | 1.839 | 3,002,610.00 | 0.64 | |
| Federal Home Loan Bank | (1) | 03-10-14 | 3,000,000.00 | 03-10-17 | 0.900 | 3,000,000.00 | 1.839 | 2,983,380.00 | 0.64 | |
| Federal Home Loan Mortgage Corp. | (1) | 03-10-14 | 3,000,000.00 | 03-10-17 | 0.850 | 3,000,000.00 | 1.839 | 2,986,530.00 | 0.64 | |
| Federal Home Loan Bank | (1) | 03-17-14 | 3,000,000.00 | 03-17-17 | 0.900 | 3,000,000.00 | 1.839 | 2,980,770.00 | 0.66 | 06-17-14 |
| Federal Home Loan Mortgage Corp. | (1) | 03-17-14 | 3,000,000.00 | 03-17-17 | 0.850 | 3,000,000.00 | 1.839 | 2,985,360.00 | 0.66 | 06-17-14 |
| Total Securities | | | 59,992,782.00 | | 0.718 | 60,000,000.00 | 36.774 | 59,904,510.00 | 11.16 | |
| ----- | | | | | | | | | | |
| CERTIFICATE OF DEPOSITS | | | | | | | | | | |
| FIRST NATIONAL BANK | | 03-03-14 | 95,000.00 | 03-03-15 | 0.350 | 95,000.00 | 0.058 | | 0.01 | |
| Total Certificate of Deposits | | | | | 0.350 | 95,000.00 | 0.058 | | 0.01 | |
| ----- | | | | | | | | | | |
| LIQUID ACCOUNTS | | | | | | | | | | |
| STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY | | | | | 0.236 | 38,076,536.50 | 23.337 | | 0.23 | |
| COUNTY OF SAN MATEO - CITY OF REDWOOD CITY | | | | | 0.650 | 64,985,748.14 | 39.830 | | 0.40 | |
| Total Liquid Accounts | | | | | 0.497 | 103,062,284.64 | 63.167 | | 0.63 | |

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

31 MAR 2014

| TYPE | DATE PURCHASED | PURCHASE PRICE (\$) | MATURITY DATE | YIELD % | PAR VALUE (\$) | % OF PORTFOLIO | MARKET VALUE (\$)(2) | Average MATURITY (Months) | NEXT CALL DATE |
|---|-------------------|------------------------|------------------|--------------------------|-------------------|-------------------|-------------------------|---------------------------------|----------------------|
| SUB-TOTAL | | | | (average weighted yield) | 0.578 | 163,157,284.64 | 100.00 | 11.80 | |
| 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 | 0.689 | | | |
| 2003A RDA TAX ALLOCATION BONDS-FNMAMTN | | | 11-07-16 | 0.400 | 1,543,000.04 | 9.768 | | | |
| 2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF | | | | 0.000 | 0.30 | | | | |
| 2005A WATER REVENUE BONDS-RESERVE FUND -MMF | | | | 0.000 | 29.51 | | | | |
| 2006 WATER REVENUE BONDS-FFCB | | | 06-19-17 | 0.625 | 1,500,000.00 | 9.495 | | | |
| 2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET | | | | 0.000 | 73,906.25 | 0.468 | | | |
| 2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT | | | | 5.451 | 950,950.00 | 6.020 | | | |
| 2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC | | | | 0.870 | 733,352.00 | 4.642 | | | |
| 2012B RWS TRANS IMPRVMT BONDS-COST OF ISSUANCE FUND | | | | 0.010 | 13,889.88 | 0.088 | | | |
| 2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF | | | | 0.000 | 0.34 | | | | |
| 2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF | | | | 0.010 | 14,468.43 | 0.092 | | | |
| RECYCLE WATER 2007 RESERVE FUND -MMF | | | | 0.000 | 25,918.14 | 0.164 | | | |
| RECYCLE WATER PROJECT 2007A-MMF | | | | 0.000 | 683.68 | 0.004 | | | |
| RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT | | | | 0.040 | 1.93 | | | | |
| RWC ONE MARINA 2011 IMPROVEMENT FUND | | | | 0.040 | 6.55 | | | | |
| RWC ONE MARINA 2011 RESERVE FUND | | | | 0.040 | 515,644.42 | 3.264 | | | |
| RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF | | | | 0.000 | 0.08 | | | | |
| RWC PACIFIC SHORES 2000-1-FHLMC | | | 03-10-17 | 0.870 | 551,278.40 | 3.490 | | | |
| RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND | | | | 0.010 | 618.09 | 0.004 | | | |
| RWC PACIFIC SHORES 2000A-RESERVE FUND | | | | 0.010 | 14,819.20 | 0.094 | | | |
| RWC PFA WATER REVENUE REFUNDING BONDS SERIES 2013 | | | | 0.030 | 20,683.88 | 0.131 | | | |
| RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC | | | 06-19-17 | 0.625 | 2,000,000.00 | 12.661 | | | |
| RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-CD | | | | 1.750 | 63,035.88 | 0.399 | | | |
| TRAFFIC IMPACT FUND - CUSIP 3134G4UP1 | | | 05-27-16 | 0.600 | 4,300,000.00 | 27.220 | | | |
| TRAFFIC IMPACT FUND - MONEY MARKET | | | | 0.000 | 2,096,505.43 | 13.272 | | | |
| WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT | | | | 0.000 | 4.07 | | | | |
| 2007 WATER REV BONDS - LAIF | | | | 0.460 | 1,269,346.43 | 8.035 | | | |
| Total with Fiscal Agents | | | | | 15,797,053.94 | 100.0 | | | |
| TOTAL BOTH PORTFOLIOS | | | | | 178,954,338.58 | | | | |

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

31 MAR 2014

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

* 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 MAR 2014:

\$60,000,000.00 securities
 \$95,000.00 cds
 \$103,062,284.64 liquids

 \$163,157,284.64 securities & liquid = "idle funds"

\$95,000.00 cds
 \$103,062,284.64 liquids
 3,003,240.00 FNMA
 3,000,150.00 FFC
 3,000,150.00 FFC
 3,000,540.00 FNMA
 3,005,100.00 FHLB
 3,002,130.00 FHLB
 3,002,610.00 FHLB

 \$124,171,204.64 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:

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

31 MAR 2014

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

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 MAR 2014 result: | Policy Requirements Based on Current Investments | Actual Investments |
| | | |
| | 1 \$81,531,142.32 | \$124,171,204.64 |
| | 2 \$81,531,142.32 | \$59,904,510.00 |
| | 3 \$40,765,571.16 | \$47,906,250.00 |