

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

August 1, 2014

## Subject

Monthly Investment Report for Period Ending June 30, 2014.

## Background

The attached investment report indicates that on June 30, 2014 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$192,258,066.15 were invested producing an average yield of 0.586%. The target Fed Funds rate for June 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 June:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Mortgage Corp	06/26/2014	\$ 3,000,000.00	1.000%	06/26/2017
Federal Home Loan Bank	06/30/2014	\$ 3,000,000.00	1.050%	06/30/2017

Securities matured, called, or sold in the month of June: None


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)	\$ 96,081,533.08	\$ 153,285,156.15
With maturity greater than one year (max)	\$ 96,081,533.08	\$ 74,992,560.00
With maturity greater than two year (max)	\$ 48,040,766.54	\$ 63,000,510.00

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 go down, thus restarting the term as these funds are reinvested.

The investment broker used to purchase securities for the City this month was Morgan Stanley Smith Barney.

As of June 30 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

30 JUN 2014

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.	(1)	11-27-12	3,002,250.00	11-25-15	0.480	3,000,000.00	1.560	2,999,730.00	0.27	
Fed Farm Credit	(1)	12-17-12	2,999,100.00	12-17-15	0.400	3,000,000.00	1.560	2,998,950.00	0.27	
Federal National Mortgage Assoc.	(1)	05-22-13	3,000,750.00	05-20-16	0.449	3,000,000.00	1.560	2,998,590.00	0.36	
Fed Farm Credit	(1)	06-06-13	2,998,062.00	06-06-16	0.540	3,000,000.00	1.560	2,994,780.00	0.36	
Federal Home Loan Mortgage Corp.	(1)	10-07-13	2,993,220.00	09-14-16	0.728	3,000,000.00	1.560	2,996,610.00	0.41	
Federal Home Loan Bank	(1)	11-14-13	3,000,000.00	11-14-16	0.875	3,000,000.00	1.560	2,997,240.00	0.44	
Federal Home Loan Mortgage Corp.	(1)	12-20-13	3,000,000.00	12-20-16	0.720	3,000,000.00	1.560	2,995,830.00	0.47	
Federal Home Loan Mortgage Corp.	(1)	12-27-13	3,000,000.00	12-27-16	0.500	3,000,000.00	1.560	3,001,140.00	0.47	
Federal Home Loan Bank	(1)	01-17-14	3,000,000.00	01-17-17	0.875	3,000,000.00	1.560	3,001,080.00	0.48	
Federal Home Loan Bank	(1)	01-21-14	3,000,000.00	01-17-17	0.088	3,000,000.00	1.560	3,001,080.00	0.48	
Federal Home Loan Bank	(1)	04-30-14	3,000,000.00	01-30-17	0.850	3,000,000.00	1.560	3,001,050.00	0.48	
Federal Home Loan Bank	(1)	05-22-14	3,000,000.00	02-22-17	0.825	3,000,000.00	1.560	2,998,200.00	0.50	
Federal Home Loan Bank	(1)	05-22-14	3,000,000.00	02-22-17	0.825	3,000,000.00	1.560	2,998,200.00	0.50	
Federal Home Loan Mortgage Corp.	(1)	05-28-14	3,000,000.00	02-28-17	0.850	3,000,000.00	1.560	3,001,470.00	0.50	
Federal Home Loan Bank	(1)	03-10-14	3,000,000.00	03-10-17	0.900	3,000,000.00	1.560	2,999,370.00	0.50	
Federal Home Loan Mortgage Corp.	(1)	03-10-14	3,000,000.00	03-10-17	0.850	3,000,000.00	1.560	2,994,930.00	0.50	
Federal Home Loan Bank	(1)	03-17-14	3,000,000.00	03-17-17	0.900	3,000,000.00	1.560	2,997,420.00	0.51	
Federal Home Loan Mortgage Corp.	(1)	03-17-14	3,000,000.00	03-17-17	0.850	3,000,000.00	1.560	2,995,620.00	0.51	
Federal Home Loan Mortgage Corp.	(1)	04-10-14	3,000,000.00	04-10-17	1.000	3,000,000.00	1.560	3,000,630.00	0.51	
Federal Home Loan Bank	(1)	04-17-14	3,000,000.00	04-17-17	1.000	3,000,000.00	1.560	3,005,820.00	0.53	
Federal Home Loan Bank	(1)	05-01-14	3,000,000.00	05-01-17	1.070	3,000,000.00	1.560	3,002,220.00	0.53	
Federal Home Loan Bank	(1)	05-05-14	3,000,000.00	05-05-17	1.000	3,000,000.00	1.560	3,002,670.00	0.53	
Federal Home Loan Bank	(1)	05-19-14	3,000,000.00	05-16-17	1.125	3,000,000.00	1.560	3,003,720.00	0.55	
Federal Home Loan Mortgage Corp.	(1)	06-26-14	3,000,000.00	06-26-17	1.000	3,000,000.00	1.560	3,003,900.00	0.56	
Federal Home Loan Bank	(1)	06-30-14	3,000,000.00	06-30-17	1.050	3,000,000.00	1.560	3,002,310.00	0.56	
Total Securities			74,993,382.00 ✓		0.790	75,000,000.00 ✓	39.010	74,992,560.00 ✓	11.78	
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CERTIFICATE OF DEPOSITS										
FIRST NATIONAL BANK		03-03-14	95,000.00	03-03-15	0.350	95,000.00 ✓	0.049		0.00	
Total Certificate of Deposits					0.350	95,000.00	0.049		0.00	
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LIQUID ACCOUNTS										

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

30 JUN 2014

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.228	66,044,279.70	34.352		0.34	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.750	51,118,786.45	26.589		0.27	
Total Liquid Accounts				0.456	117,163,066.15	60.941		0.61	
SUB-TOTAL (average weighted yield)				0.586	192,258,066.15	100.00		12.39	
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	0.744			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN			11-07-16	0.400	1,547,629.06	10.577			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	0.30				
2006 WATER REVENUE BONDS-FFCB			06-19-17	1.000	1,500,000.00	10.251			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	81,435.76	0.557			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				5.451	950,950.00	6.499			
2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC				0.870	733,352.00	5.012			
2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF				0.010	13,890.42	0.095			
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.010	14,468.64	0.099			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,918.14	0.177			
RECYCLE WATER PROJECT 2007A-MMF				0.000	1,736.86	0.012			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.000	2.28				
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.000	6.55				
RWC ONE MARINA 2011 RESERVE FUND				0.870	515,645.53	3.524			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.010	618.18	0.004			
RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.870	551,278.40	3.768			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.010	14,819.42	0.101			
RWC PFA WATER REVENUE REFUNDING BONDS SERIES 2013				0.030	20,685.45	0.141			
RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC			06-19-17	1.000	2,000,000.00	13.668			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-CD				0.030	73,040.65	0.499			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	5,374,798.07	36.733			
WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT				0.000	4.07				
2007 WATER REV BONDS - LAIF				0.228	1,103,073.92	7.539			
Total with Fiscal Agents					14,632,264.71	100.0			

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

30 JUN 2014

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TOTAL BOTH PORTFOLIOS					206,890,330.86				

\* 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 30 JUN 2014:

\$75,000,000.00 securities

\$95,000.00 cds

\$117,163,066.15 liquids

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\$192,258,066.15 securities & liquid = "idle funds"

\$95,000.00 cds

\$117,163,066.15 liquids

3,001,140.00 FHLMC

3,001,080.00 FHLB

3,001,080.00 FHLB

3,001,050.00 FHLB

3,001,470.00 FHLMC

3,000,630.00 FHLMC

3,005,820.00 FHLB

3,002,220.00 FHLB

3,002,670.00 FHLB

3,003,720.00 FHLB

3,003,900.00 FHLMC

3,002,310.00 FHLB

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30 JUN 2014

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 \$153,285,156.15 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)

30 JUN 2014 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$96,081,533.08	\$153,285,156.15
	2 \$96,081,533.08	\$74,992,560.00
	3 \$48,040,766.54	\$63,000,510.00