

REPORT

To the Honorable Mayor and City Council
From the City Manager

November 17, 2014

Subject

Monthly Investment Report for Period Ending October 31, 2014.

Background

The attached investment report indicates that on October 31, 2014 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$168,515,400.51 were invested producing an average yield of 0.712%. The target Fed Funds rate for October 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 October:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Bank	10/30/2014	\$ 3,000,000.00	1.250%	10/30/2017

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Bank	10/28/2014	\$ 3,000,000.00	1.000%
Federal Home Loan Bank	10/30/2014	\$ 3,000,000.00	0.850%

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)	\$ 84,210,200.26	\$ 123,575,820.51
With maturity greater than one year (max)	\$ 84,210,200.26	\$ 80,983,380.00
With maturity greater than two year (max)	\$ 42,105,100.13	\$ 74,993,130.00

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

As of October 31 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

31 OCT 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 Home Loan Bank	05-01-14	3,000,000.00	11-03-14	1.070	3,000,000.00	1.780	3,000,000.00	0.00	
Federal Home Loan Bank	05-05-14	3,000,000.00	11-05-14	1.000	3,000,000.00	1.780	3,000,150.00	0.00	
Fed Farm Credit	12-17-12	2,999,100.00	11-05-14	0.400	3,000,000.00	1.780	3,000,000.00	0.00	
Federal Home Loan Bank	11-14-13	3,000,000.00	11-14-14	0.875	3,000,000.00	1.780	3,009,360.00	0.00	
Federal National Mortgage Assoc.	05-22-13	3,000,750.00	11-20-14	0.449	3,000,000.00	1.780	2,999,040.00	0.00	
Federal National Mortgage Assoc.	11-27-12	3,002,250.00	11-25-14	0.480	3,000,000.00	1.780	2,998,890.00	0.00	
Fed Farm Credit	(1) 06-06-13	2,998,062.00	06-06-16	0.540	3,000,000.00	1.780	2,991,900.00	0.34	
Federal Home Loan Mortgage Corp.	(1) 10-07-13	2,993,220.00	09-14-16	0.728	3,000,000.00	1.780	2,998,350.00	0.39	
Federal Home Loan Mortgage Corp.	(1) 12-20-13	3,000,000.00	12-20-16	0.720	3,000,000.00	1.780	3,000,030.00	0.46	
Federal Home Loan Mortgage Corp.	(1) 12-27-13	3,000,000.00	12-27-16	0.500	3,000,000.00	1.780	2,993,790.00	0.46	
Federal Home Loan Bank	(1) 01-17-14	3,000,000.00	01-17-17	0.875	3,000,000.00	1.780	3,003,390.00	0.46	
Federal Home Loan Bank	(1) 01-21-14	3,000,000.00	01-17-17	0.088	3,000,000.00	1.780	3,003,390.00	0.46	
Federal Home Loan Bank	(1) 05-22-14	3,000,000.00	02-22-17	0.825	3,000,000.00	1.780	2,999,460.00	0.50	
Federal Home Loan Bank	(1) 05-22-14	3,000,000.00	02-22-17	0.825	3,000,000.00	1.780	2,999,460.00	0.50	
Federal Home Loan Mortgage Corp.	(1) 05-28-14	3,000,000.00	02-28-17	0.850	3,000,000.00	1.780	3,001,530.00	0.50	
Federal Home Loan Bank	(1) 03-10-14	3,000,000.00	03-10-17	0.900	3,000,000.00	1.780	2,993,340.00	0.50	
Federal Home Loan Mortgage Corp.	(1) 03-10-14	3,000,000.00	03-10-17	0.850	3,000,000.00	1.780	2,987,700.00	0.50	
Federal Home Loan Bank	(1) 03-17-14	3,000,000.00	03-17-17	0.900	3,000,000.00	1.780	2,989,710.00	0.50	
Federal Home Loan Mortgage Corp.	(1) 03-17-14	3,000,000.00	03-17-17	0.850	3,000,000.00	1.780	3,000,660.00	0.50	
Federal Home Loan Mortgage Corp.	(1) 04-10-14	3,000,000.00	04-10-17	1.000	3,000,000.00	1.780	2,990,910.00	0.52	
Federal Home Loan Bank	(1) 04-17-14	3,000,000.00	04-17-17	1.000	3,000,000.00	1.780	3,005,280.00	0.52	
Federal Home Loan Bank	(1) 08-18-14	3,000,000.00	05-18-17	1.000	3,000,000.00	1.780	2,997,810.00	0.55	
Federal Home Loan Mortgage Corp.	(1) 06-26-14	3,000,000.00	06-26-17	1.000	3,000,000.00	1.780	3,003,540.00	0.57	
Federal Home Loan Bank	(1) 06-30-14	3,000,000.00	06-30-17	1.050	3,000,000.00	1.780	3,000,870.00	0.57	
Federal Home Loan Mortgage Corp.	(1) 07-07-14	3,000,000.00	07-07-17	1.000	3,000,000.00	1.780	3,003,330.00	0.57	01-07-15
Federal Home Loan Bank	(1) 07-14-14	3,000,000.00	07-14-17	1.050	3,000,000.00	1.780	2,998,230.00	0.57	
Federal National Mortgage Assoc.	(1) 09-15-14	3,000,000.00	08-15-17	1.100	3,000,000.00	1.780	3,010,170.00	0.59	
Federal Home Loan Mortgage Corp.	(1) 08-25-14	3,000,000.00	08-25-17	1.200	3,000,000.00	1.780	3,001,860.00	0.61	
Fed Farm Credit	(1) 08-28-14	3,000,000.00	08-28-17	1.090	3,000,000.00	1.780	2,998,380.00	0.61	
Federal National Mortgage Assoc.	(1) 09-15-14	3,000,000.00	09-15-17	1.100	3,000,000.00	1.780	3,010,170.00	0.62	
Federal Home Loan Bank	(1) 09-29-14	3,000,000.00	09-29-17	1.300	3,000,000.00	1.780	3,003,210.00	0.62	
Federal Home Loan Mortgage Corp.	(1) 09-29-14	3,000,000.00	09-29-17	1.200	3,000,000.00	1.780	3,003,480.00	0.62	
Federal Home Loan Bank	(1) 10-30-14	3,000,000.00	10-30-17	1.250	3,000,000.00	1.780	2,993,430.00	0.64	

Total Securities		98,993,382.00 ✓		0.881	99,000,000.00 ✓	58.748	98,990,820.00 ✓	14.24	

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

31 OCT 2014

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	03-03-14	95,000.00	03-03-15	0.350	95,000.00	0.056		0.00	
Total Certificate of Deposits				0.350	95,000.00	0.056		0.00	

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.261	34,597,554.34	20.531		0.21	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.680	34,822,846.17	20.664		0.21	
Total Liquid Accounts				0.471	69,420,400.51	41.195		0.41	
SUB-TOTAL				(average weighted yield)	0.712	168,515,400.51	100.00	14.66	

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	0.747			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN			11-07-16	0.400	1,547,629.14	10.617			
2006 WATER REVENUE BONDS-FFCB			06-19-17	1.000	1,500,000.00	10.290			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	81,435.76	0.559			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				5.451	950,950.00	6.524			
2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC				0.880	733,352.00	5.031			
2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF				0.000	0.58				
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.010	12,322.58	0.085			
RDA PROJECT AREA #2 SERIES 2003A-SPECIAL FUND				0.000	3.70				
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	51,836.28	0.356			
RECYCLE WATER PROJECT 2007A-MMF				0.000	1,982.35	0.014			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.000	1.06				
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.000	6.55				
RWC ONE MARINA 2011 RESERVE FUND				0.870	513,580.92	3.523			
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	3.782			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.010	12,546.69	0.086			
RWC PFA WATER REVENUE REFUNDING BONDS SERIES 2013				0.030	2.95				

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RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC			06-19-17	1.000	2,000,000.00	13.720			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-CD				0.030	72,247.13	0.496			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	5,374,799.11	36.871			
WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT				0.000	4.07				
2007 WATER REV BONDS - LAIF				0.244	1,064,387.17	7.302			
Total with Fiscal Agents					14,577,278.85	100.0			
TOTAL BOTH PORTFOLIOS					<u>183,092,679.36</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 OCT 2014:

\$99,000,000.00 securities

\$95,000.00 cds

\$69,420,400.51 liquids

\$168,515,400.51 securities & liquid = "idle funds"

\$95,000.00 cds

\$69,420,400.51 liquids

3,000,000.00 FHLB

3,000,150.00 FHLB

3,000,000.00 FFC

3,009,360.00 FHLB

