

REPORT

To the Honorable Mayor and City Council
From the City Manager

December 12, 2013

Subject

Monthly Investment Report for Period Ending November 30, 2013.

Background

The attached investment report indicates that on November 30, 2013 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$137,729,546.76 were invested producing an average yield of 0.521%. The target Fed Funds rate for November 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 November:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Mortgage Corp.	11/14/2013	\$ 3,000,000.00	0.875%	11/14/2016

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

Investment Type	Date	Par Amount	Interest Rate
Federal Home Loan Bank	11/12/2013	\$ 3,000,000.00	0.550 %
Federal National Mortgage Assoc.	11/20/2013	\$ 3,000,000.00	0.500 %
Federal Farm Credit	11/26/2013	\$ 3,000,000.00	0.479 %

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)	\$ 68,817,273.38	\$ 131,781,196.76
With maturity greater than one year (max)	\$ 68,817,273.38	\$ 63,047,840.00
With maturity greater than two year (max)	\$ 34,408,636.69	\$ 39,037,910.00

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



Brian J. Ponty
Director of Finance/ Treasurer



Antonia Saldou
Accounting Technician

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
30 NOV 2013

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 Mortgage Corp.		09-10-12	3,000,000.00	12-10-13	0.495	3,000,000.00	2.178	3,000,210.00	0.00
Federal National Mortgage Assoc.	(1)	12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.178	3,000,870.00	0.26 12-23-13
Federal Home Loan Mortgage Corp.	(1)	02-13-12	3,000,000.00	02-13-15	0.550	3,000,000.00	2.178	3,002,670.00	0.30 02-13-14
Fed Farm Credit	(1)	09-17-12	3,000,000.00	09-17-15	0.480	3,000,000.00	2.178	3,000,060.00	0.46
Fed Farm Credit	(1)	10-29-12	3,000,000.00	09-17-15	0.479	3,000,000.00	2.178	3,000,060.00	0.46
Federal National Mortgage Assoc.	(1)	09-25-12	3,000,000.00	09-25-15	0.500	3,000,000.00	2.178	3,000,720.00	0.48
Fed Farm Credit	(1)	10-01-12	3,000,000.00	10-01-15	0.440	3,000,000.00	2.178	3,000,060.00	0.48
Fed Farm Credit	(1)	11-15-12	3,000,000.00	11-13-15	0.440	3,000,000.00	2.178	3,000,060.00	0.50
Federal National Mortgage Assoc.	(1)	11-27-12	3,002,250.00	11-25-15	0.480	3,000,000.00	2.178	3,005,430.00	0.52
Fed Farm Credit	(1)	12-17-12	2,999,100.00	12-17-15	0.400	3,000,000.00	2.178	3,000,330.00	0.52
Federal Home Loan Mortgage Corp.	(1)	06-24-13	3,000,000.00	12-24-15	0.500	3,000,000.00	2.178	3,000,600.00	0.54
Federal National Mortgage Assoc.	(1)	01-29-13	3,001,500.00	01-29-16	0.450	3,000,000.00	2.178	3,001,080.00	0.57
Fed Farm Credit	(1)	02-11-13	3,000,000.00	02-11-16	0.490	3,000,000.00	2.178	3,001,620.00	0.57
Federal National Mortgage Assoc.	(1)	08-19-13	3,000,000.00	02-19-16	0.650	3,000,000.00	2.178	3,002,610.00	0.59
Fed Farm Credit	(1)	02-22-13	2,999,400.00	02-22-16	0.490	3,000,000.00	2.178	3,000,060.00	0.59
Federal National Mortgage Assoc.	(1)	05-22-13	3,000,750.00	05-20-16	0.449	3,000,000.00	2.178	2,997,540.00	0.65
Fed Farm Credit	(1)	06-06-13	2,998,062.00	06-06-16	0.540	3,000,000.00	2.178	3,002,310.00	0.65 06-06-14
Federal National Mortgage Assoc.	(1)	08-19-13	3,000,000.00	08-19-16	0.900	3,000,000.00	2.178	3,003,870.00	0.72
Federal National Mortgage Assoc.	(1)	09-06-13	1,300,000.00	09-06-16	1.000	1,300,000.00	0.944	1,302,171.00	0.31
Federal National Mortgage Assoc.	(1)	09-12-13	1,700,000.00	09-12-16	1.000	1,700,000.00	1.234	1,703,009.00	0.41
Federal Home Loan Mortgage Corp.	(1)	10-07-13	2,993,220.00	09-14-16	0.728	3,000,000.00	2.178	2,998,860.00	0.72 12-14-13
Federal National Mortgage Assoc.	(1)	10-07-13	3,000,000.00	10-07-16	1.125	3,000,000.00	2.178	3,009,900.00	0.74 04-07-14
Federal Home Loan Bank	(1)	11-14-13	3,000,000.00	11-14-16	0.875	3,000,000.00	2.178	3,013,950.00	0.78
Total Securities			65,994,282.00		0.604	66,000,000.00	47.920	66,048,050.00	11.83

CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK		03-03-13	95,000.00	03-03-14	0.350	95,000.00	0.069		0.00
Total Certificate of Deposits					0.350	95,000.00	0.069		0.00

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY					0.263	36,011,970.05	26.147		0.26

I N V E S T M E N T P O R T F O L I O
30 NOV 2013

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

COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.630	35,622,576.71 ✓	25.864		0.26	

Total Liquid Accounts				0.446	71,634,546.76 ✓	52.011		0.52	

SUB-TOTAL			(average weighted yield)	0.521	137,729,546.76 ✓	100.00		12.35	

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	0.686			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN			11-07-16	0.400	1,548,045.73	9.755			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	9.60				
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	29.51				
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	1,595,490.84	10.054			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				5.451	950,950.00	5.992			
2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC				0.870	733,352.00	4.621			
2012B RWS TRANS IMPRVMT BONDS-COST OF ISSUANCE FUND				0.020	13,889.61	0.088			
2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF				0.020	4.23				
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.010	3,836.77	0.024			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,918.14	0.163			
RECYCLE WATER PROJECT 2007A-MMF				0.000	-63,901.87	-0.403			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	11.27				
RWC ONE MARINA 2011 RESERVE FUND				0.040	507,822.07	3.200			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.000	7.66				
RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.875	551,278.40	3.474			
RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.020	618.09	0.004			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.010	6,160.44	0.039			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-CD				1.750	2,094,013.29	13.195			
TRAFFIC IMPACT FUND			09-17-15	0.480	4,300,000.00	27.096			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,088,707.77	13.162			
WATER REVENUE REFUNDING BONDS 2013-DELIVERY COSTS				0.040	26,626.64	0.168			
WATER REVENUE REFUNDING BONDS 2013-GOOD FAITH DEPOSIT				0.000	4.07				
WATER REVENUE REFUNDING BONDS SERIES 2013-PAYMENT ACCT				0.040	0.31				
2007 WATER REV BONDS - LAIF				0.460	1,377,476.81	8.680			

Total with Fiscal Agents					15,869,262.39	100.0			

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TOTAL BOTH PORTFOLIOS					<u>153,598,809.15</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 30 NOV 2013:

\$66,000,000.00 securities
\$95,000.00 cds
\$71,634,546.76 liquids

\$137,729,546.76 securities & liquid = "idle funds"

\$95,000.00 cds
\$71,634,546.76 liquids
3,000,210.00 FHLMC
3,000,870.00 FNMA
3,002,670.00 FHLMC
3,000,060.00 FFC
3,000,060.00 FFC
3,000,720.00 FNMA
3,000,060.00 FFC
3,000,060.00 FFC
3,005,430.00 FNMA
3,000,330.00 FFC
3,000,600.00 FHLMC
3,001,080.00 FNMA

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30 NOV 2013

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE
		3,001,620.00							
		3,002,610.00							
		3,000,060.00							
		3,002,310.00							
		3,003,870.00							
		1,302,171.00							
		1,703,009.00							
		3,009,900.00							
		3,013,950.00							

\$131,781,196.76 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 NOV 2013 result:	Policy Requirements Based on Current Investments	Actual Investments
	1 \$68,817,273.38	\$131,781,196.76
	2 \$68,817,273.38	\$63,047,840.00
	3 \$34,408,636.69	\$39,037,910.00