

REPORT

To the Honorable Mayor and City Council
From the City Manager

February 12, 2014

Subject

Monthly Investment Report for Period Ending January 31, 2014.

Background

The attached investment report indicates that on January 31, 2014 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$160,522,589.02 were invested producing an average yield of 0.544%. The target Fed Funds rate for December 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 January:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Bank	01/17/2014	\$ 3,000,000.00	0.875%	01/17/2017
Federal Home Loan Bank	01/21/2014	\$ 3,000,000.00	0.875%	01/17/2017
Federal Home Loan Bank	01/30/2014	\$ 3,000,000.00	1.050%	01/30/2017

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

Investment Type	Date	Par Amount	Interest Rate
Federal National Mortgage Assoc.	01/29/2014	\$ 3,000,000.00	0.450%

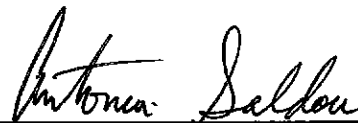
The City's investment policy requires that approximately 50% of idle funds be placed in liquid investments, not more than 50% of idle funds be invested for more than one year, and not more than 25% of idle funds be invested for more than two years. Based on the City's current investments:

Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$ 80,213,794.51	\$ 145,561,990.02
With maturity greater than one year (max)	\$ 80,213,794.51	\$ 51,017,591.00
With maturity greater than two year (max)	\$ 40,106,897.26	\$ 39,012,071.00

As of December 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

INVESTMENT PORTFOLIO
31 JAN 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									
Fed Farm Credit	09-17-12	3,000,000.00	02-03-14	0.480	3,000,000.00	1.869	3,000,000.00	0.00	
Fed Farm Credit	10-29-12	3,000,000.00	02-03-14	0.479	3,000,000.00	1.869	3,000,000.00	0.00	
Federal Home Loan Mortgage Corp.	02-13-12	3,000,000.00	02-13-14	0.550	3,000,000.00	1.869	3,000,690.00	0.00	02-13-14
Federal National Mortgage Assoc.	08-19-13	3,000,000.00	02-19-14	0.650	3,000,000.00	1.869	3,000,720.00	0.00	
Federal National Mortgage Assoc.	08-19-13	3,000,000.00	02-19-14	0.900	3,000,000.00	1.869	3,000,930.00	0.00	
Fed Farm Credit	(1) 10-01-12	3,000,000.00	10-01-15	0.440	3,000,000.00	1.869	3,000,060.00	0.37	
Fed Farm Credit	(1) 11-15-12	3,000,000.00	11-13-15	0.440	3,000,000.00	1.869	3,000,060.00	0.39	
Federal National Mortgage Assoc.	(1) 11-27-12	3,002,250.00	11-25-15	0.480	3,000,000.00	1.869	3,005,340.00	0.41	
Fed Farm Credit	(1) 12-17-12	2,999,100.00	12-17-15	0.400	3,000,000.00	1.869	3,000,060.00	0.41	
Fed Farm Credit	(1) 02-11-13	3,000,000.00	02-11-16	0.490	3,000,000.00	1.869	3,000,270.00	0.45	
Fed Farm Credit	(1) 02-22-13	2,999,400.00	02-22-16	0.490	3,000,000.00	1.869	3,000,060.00	0.47	
Federal National Mortgage Assoc.	(1) 05-22-13	3,000,750.00	05-20-16	0.449	3,000,000.00	1.869	2,997,270.00	0.52	
Fed Farm Credit	(1) 06-06-13	2,998,062.00	06-06-16	0.540	3,000,000.00	1.869	2,996,580.00	0.52	06-06-14
Federal National Mortgage Assoc.	(1) 09-06-13	1,300,000.00	09-06-16	1.000	1,300,000.00	0.810	1,300,871.00	0.25	
Federal National Mortgage Assoc.	(1) 09-12-13	1,700,000.00	09-12-16	1.000	1,700,000.00	1.059	1,701,360.00	0.33	
Federal Home Loan Mortgage Corp.	(1) 10-07-13	2,993,220.00	09-14-16	0.728	3,000,000.00	1.869	2,995,980.00	0.58	12-14-13
Federal National Mortgage Assoc.	(1) 10-07-13	3,000,000.00	10-07-16	1.125	3,000,000.00	1.869	3,005,280.00	0.60	04-07-14
Federal Home Loan Bank	(1) 11-14-13	3,000,000.00	11-14-16	0.875	3,000,000.00	1.869	3,009,600.00	0.62	
Federal Home Loan Mortgage Corp.	(1) 12-20-13	3,000,000.00	12-20-16	0.720	3,000,000.00	1.869	2,992,740.00	0.65	03-20-14
Federal Home Loan Mortgage Corp.	(1) 12-27-13	3,000,000.00	12-27-16	0.500	3,000,000.00	1.869	2,997,960.00	0.65	06-27-14
Federal Home Loan Bank	(1) 01-17-14	3,000,000.00	01-17-17	0.875	3,000,000.00	1.869	3,003,870.00	0.67	04-17-14
Federal Home Loan Bank	(1) 01-21-14	3,000,000.00	01-17-17	0.088	3,000,000.00	1.869	3,003,870.00	0.67	04-17-14
Federal Home Loan Bank	(1) 01-30-14	3,000,000.00	01-30-17	1.050	3,000,000.00	1.869	3,006,360.00	0.67	04-30-14
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Total Securities		65,992,782.00		0.625	66,000,000.00	41.116	66,019,931.00	9.25	
CERTIFICATE OF DEPOSITS									
FIRST NATIONAL BANK	03-03-13	95,000.00	03-03-14	0.350	95,000.00	0.059		0.00	

Total Certificate of Deposits				0.350	95,000.00	0.059		0.00	

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.244	31,441,970.05	19.587		0.20	

I N V E S T M E N T P O R T F O L I O
31 JAN 2014

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				0.610	62,985,618.97	39.238		0.39	

Total Liquid Accounts				0.488	94,427,589.02	58.825		0.59	

SUB-TOTAL		(average weighted yield)		0.544	160,522,589.02	100.00		9.84	

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	0.574			
2003A RDA TAX ALLOCATION BONDS-FNMAMTN			11-07-16	0.400	1,543,000.03	8.132			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	29.51				
2006 WATER REVENUE BONDS-FFCB			05-20-16	0.625	1,500,000.00	7.905			
2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	95,490.84	0.503			
2006A WATER REVENUE BONS - I&R FUND-MMF				0.000	1,084,442.30	5.715			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT				5.451	950,950.00	5.012			
2012B RWC TRANS IMPRMT BONDS-RESERVE FUND-FHLMC				0.870	733,352.00	3.865			
2012B RWS TRANS IMPRVMT BONDS-COST OF ISSUANCE FUND				0.010	13,889.75	0.073			
2012B RWS TRANS IMPRVMT BONDS-SPECIAL TAX-MMF				0.000	4.23				
2012B RWX TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.010	3,836.81	0.020			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	51,836.28	0.273			
RECYCLE WATER PROJECT 2007A-MMF				0.000	683.68	0.004			
REDWOOD CITY WATER 2007A INSTALLMENT PAYMENT-MMF				0.000	636,806.87	3.356			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.040	6.55				
RWC ONE MARINA 2011 RESERVE FUND				0.040	507,822.43	2.676			
RWC PACIFIC SHORES 2000-1 BOND FUND-SPECIAL TAX-MMF				0.000	7.66				
RWC PACIFIC SHORES 2000-1-FHLMC			03-10-17	0.870	551,278.40	2.905			
RWC PACIFIC SHORES 2000A-COST OF ISSUANCE FUND				0.010	618.09	0.003			
RWC PACIFIC SHORES 2000A-RESERVE FUND				0.010	6,160.50	0.032			
RWC PFA WATER REVENUE REFUNDING BONDS SERIES 2013				0.030	1,433,975.58	7.557			
RWC PFA WTR REV REFUNDING BONDS SER2013-RESERVE-FHLMC			05-20-16	0.625	2,000,000.00	10.541			
RWC PFA WTR REV REFUNDING BONDS SERIES2013 RESERVE-CD				1.750	94,065.57	0.496			
TRAFFIC IMPACT FUND			09-17-15	0.480	4,300,000.00	22.662			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	2,088,707.85	11.008			
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	1,268,476.81	6.685			

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31 JAN 2014

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	Total with Fiscal Agents				18,974,357.13	100.0			
TOTAL BOTH PORTFOLIOS					<u>179,496,946.15</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 31 JAN 2014:

\$66,000,000.00	securities
\$95,000.00	cds
\$94,427,589.02	liquids

\$160,522,589.02	securities & liquid = "idle funds"
\$95,000.00	cds
\$94,427,589.02	liquids
3,000,000.00	FFC
3,000,000.00	FFC
3,000,690.00	FHLMC
3,000,720.00	FNMA
3,000,930.00	FNMA
3,000,060.00	FFC
3,000,060.00	FFC
3,005,340.00	FNMA
3,000,060.00	FFC

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31 JAN 2014

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		3,000,270.00							
		3,000,060.00							
		1,300,871.00							
		1,701,360.00							
		3,005,280.00							
		3,009,600.00							
		3,003,870.00							
		3,003,870.00							
		3,006,360.00							

		\$145,561,990.02	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)

31 JAN 2014 result:	Policy Requirements Based on Current Investments	Actual Investments
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	1 \$80,213,794.51	\$145,561,990.02
	2 \$80,213,794.51	\$51,017,591.00
	3 \$40,106,897.26	\$39,012,071.00