



# Information Item

**Date: August 11, 2011**

To: Mayor and City Council  
From: Carol Swindell, Director of Finance/City Treasurer  
Subject: City Monthly Cash and Investment Report for January 2011

## **Introduction**

In compliance with the City Charter, State law, and the City's Investment Policy, the attached monthly report provides information concerning City investments and cash held and/or managed by the Director of Finance/City Treasurer as of January 31, 2011.

## **Discussion**

The January 2011 Investment Report highlights changes from December. The value of cash and investments held in the pooled portfolio increased by \$33.2 million in January to \$590.2 million. The increase is primarily due to drawdown of remaining housing line of credit funds. The pooled portfolio yield-to-maturity fell seven basis points in January to 1.18%, sixty-four (64) basis points lower than in January 2010. Investment earnings for the month were \$0.4 million. Fiscal year-to-date earnings are down 41.6% from the same period last year reflecting the impact of the record low interest rate environment. Further detail is included in the attached report.

In addition to the pooled portfolio, the City's total cash holdings as of January 31, 2011 included \$33.5 million in Charnock settlement-related funds, \$7.8 million in bond proceeds held in trust with fiscal agents, \$11.9 million in other funds held in trust, and \$57,222 in petty cash/change funds for a total balance of \$643.5 million.

In compliance with Governmental Accounting Standards, the Monthly Cash and Investment Report provides the fair market value of all investments held by the City, with certain

exceptions, as of the last day of the month. The fair market value may be greater or less than the original purchase price (book/reported value) of the investments due to fluctuations in the market resulting in either an unrealized gain or loss for financial disclosure purposes only. Since it is the City's policy to hold most securities to maturity, these fluctuations in market value do not affect the redemption value of the securities or the overall yield of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of January 31, 2011, the market value of the City's portfolio was about \$0.6 million less than the book value.

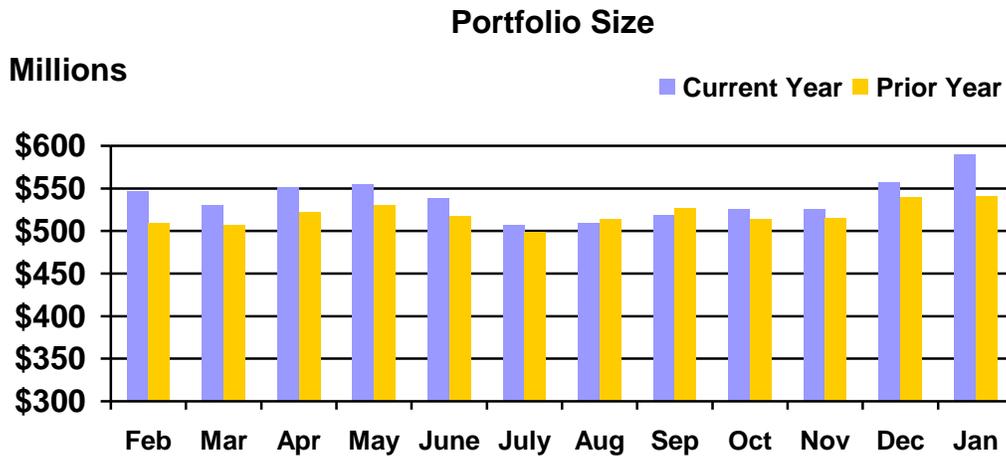
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of January 31 2011.

Prepared by: David Carr, Budget Administrator

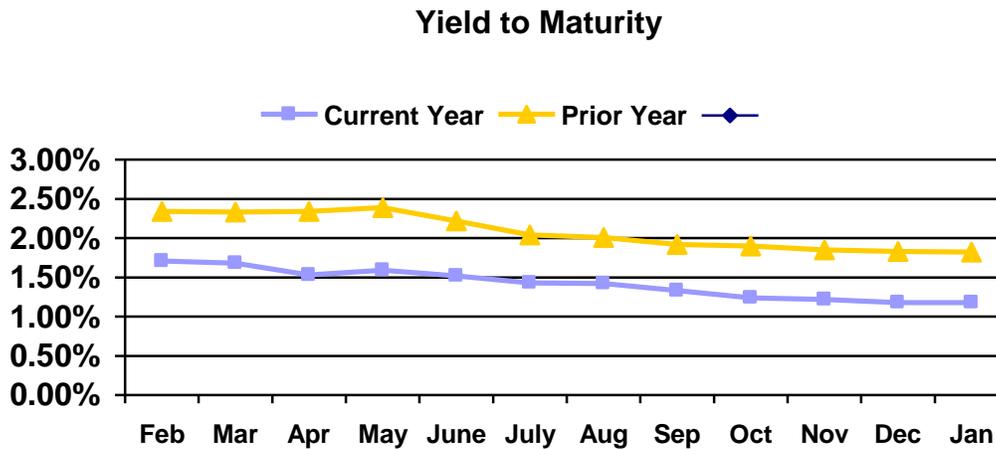
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

## January 31, 2011

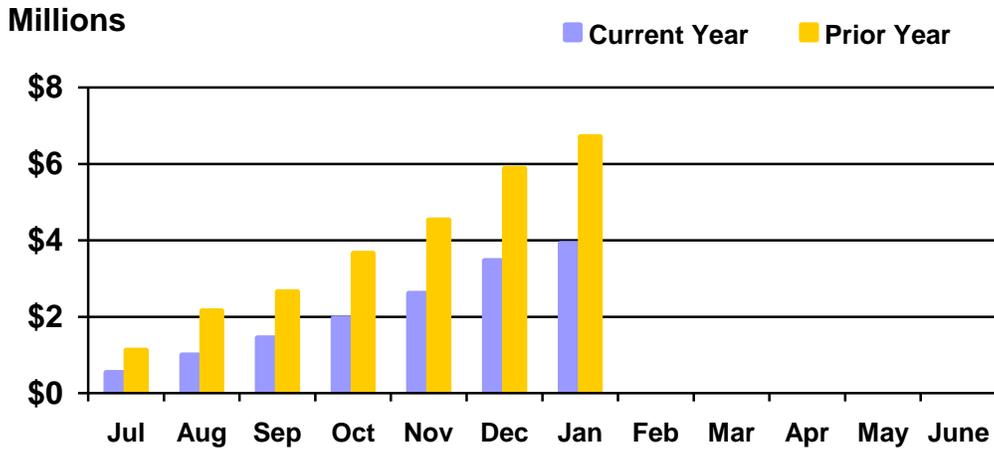


- As of January 31, the portfolio size is \$590.2 million, \$33.2 million more than in December, and \$49.7 million more than in January 2010.

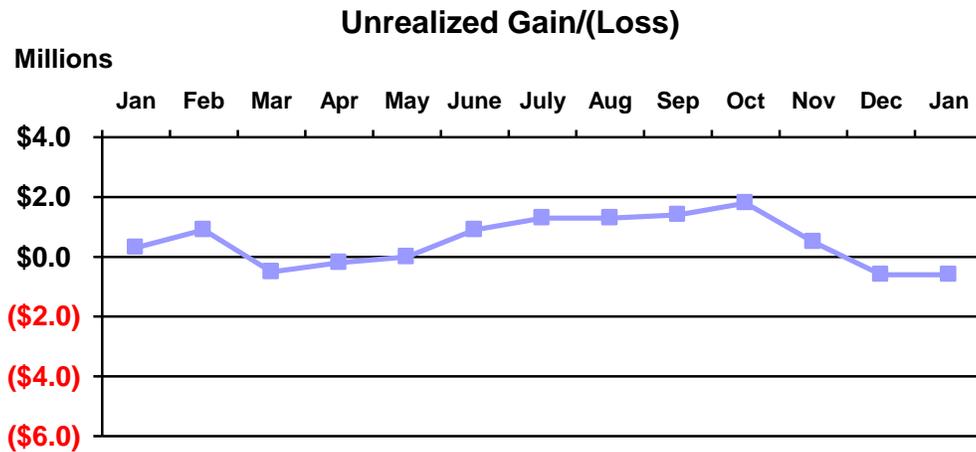


- As of January 31, yield to maturity is 1.18%.
- Unchanged from December and sixty-four basis points less than one year earlier.

### Fiscal Year-to-Date Interest Earnings (Cumulative by Month)



- January year-to-date earnings are 41.6% less than in the prior year.



- The unrealized loss of \$0.6 million reported as of January 31, 2011 is the difference between market value and the unamortized book value (purchase price).



# Investment Report

## January 2011

Prepared by:  
Carol Swindell, Director of Finance/City Treasurer  
David R. Carr, Budget Administrator

**City of Santa Monica  
Report of Public Monies Held by the City Treasurer  
As of January 31, 2011**

**Petty Cash/Change Funds** \$57,222.00

**Pooled Portfolio**

Bank of America (1)	
General Account	\$579,840.29
Columbia Money Market Sweep Account	\$2,508,539.76
Total Bank of America	\$3,088,380.05
Bank of New York (BNY)	
Corporate Bonds - FDIC Insured	\$65,846,260.00
Federal Agencies Securities	\$429,927,151.26
Total Bank of New York	\$495,773,411.26
State of California Local Agency Investment Fund - RDA	\$42,414,734.80
State of California Local Agency Investment Fund - City	\$48,972,270.85

**Total Pooled Portfolio** \$590,248,796.96

**Restricted Cash/Investments Held in Trust**

Bond Proceeds	
Union Bank-Earthquake Recovery Redevelopment 2006	
Tax Allocation Refunding Bonds Series A & B	\$5.32
BNY-Library Improvement Project 2002 Series	\$0.12
BNY-Ocean Park Redevelopment Project 2002 Refunding	\$2,465,340.24
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$2.08
BNY-Public Safety Facility Bonds 2002 Series	\$1,355,450.00
BNY-Public Safety Facility Bonds 2009 Refunding	\$1,139,297.81
U.S. Bank-Wastewater Enterprise Revenue Bonds-1993 Refunding	\$0.00
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$1.00
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$2,826,928.88

**Total Restricted Cash/Investments Held in Trust** \$7,787,025.45

**Charnock Settlement Funds**

Union Bank (December 2006 Settlement)	
Money Market Funds	\$22,644,298.99
Federal Agencies Securities	\$10,862,602.96
Corporate Bonds	\$0.00
Total Union Bank (December 2006 Settlement)	\$33,506,901.95

**Total Charnock Settlement Funds** \$33,506,901.95

**Other Restricted Funds/Funds Held in Trust**

Cemetery Perpetual Care Fund (3)	\$7,723,976.00 *
Mausoleum Perpetual Care Fund (3)	\$832,808.00 *
HUD Depository Account (4)	\$3,156,950.03 *
Public Agency Family Self Sufficiency Program (2)	\$145,882.34 *

**Total Other Funds Held in Trust** \$11,859,616.37

**GRAND TOTAL** \$643,459,562.73

**City of Santa Monica**  
**Report of Public Monies Held by the City Treasurer**  
**As of January 31, 2011**

- (1) This is the actual bank account balance as of 1/31/11. It only reflects checks and warrants that have been presented for payment and deposits received by the bank. The balance on deposit per the City books would reflect reductions for all checks and warrants issued and an increase for all deposits transmitted. Redevelopment Agency, Housing Authority, and Parking Authority Funds included in totals.
- (2) The City of Santa Monica Housing Authority administers the Family Self Sufficiency Program. An escrow account is set up for each family in the program. The Housing Authority maintains and releases the escrow funds as required by HUD regulations.
- (3) The Cemetery Perpetual Care Funds and the Mausoleum Perpetual Care Funds are held in trust by Charles Schwab & Company, Inc. and administered by the investment firm RNC Genter Capital Management Company. Market value is shown since a large portion of the portfolio is in equities.
- (4) HUD Depository account is used to receive monthly housing assistance payments from HUD.

**City of Santa Monica  
Cash Receipts, Disbursements and Cash Balances\*  
January 31, 2011**

Pursuant to Section 711d of the City Charter, I submit the following:

Cash and Investments - December 31, 2010	557,027,264.39
Receipts	67,285,414.10
Disbursements	(34,063,881.53)
Cash and Investments - January 31, 2011	\$590,248,796.96

\* Pooled portfolio only. Excludes certain investments held in trust by third parties such as bond proceeds, perpetual care funds, and Charnock settlement funds.

Carol Swindell  
Director of Finance/City Treasurer

**Overview**

As of January 31, 2011, total City cash and investments were \$643.5 million, a \$24.6 million increase from December. An increase in the pooled portfolio (\$33.2 million) primarily reflects draw down of the remaining balance of a housing line of credit with Bank of America. Partially offsetting are decreases Restricted Cash/Investments Held in Trust reflecting semi-annual debt service payments (\$5.2 million) and a \$3.5 million decrease in Charnock settlement funds reflecting project expenditures.

Petty Cash	\$	57,222.00
Pooled Investment Portfolio	\$	590,248,796.96
Restricted Cash/Investment Held in Trust	\$	7,787,025.45
Charnock Settlement Funds	\$	33,506,901.95
Other Funds Held in Trust	\$	11,859,616.37
Total	\$	<u>643,459,562.73</u>

**Definitions**

- Basis Point – One hundredth of one percent (.01%)
- Book (Reported) Value – The price paid for the security at purchase.
- Bullets – A security with a fixed coupon or interest rate that cannot be redeemed by the issuer before the maturity date.
- Callable Securities – A security that can be redeemed by the issuer before the maturity date.
- Duration – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a security. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.
- Market Value – The price at which a security is currently trading and could be presumably bought or sold.
- Par Value – The full face value of the security.
- Rebalancing – Strategy whereby low yielding securities are sold at a loss with the proceeds used to purchase higher yielding securities.
- TLGP (Temporary Loan Guarantee Program) – Federal program through which the Federal Deposit Insurance Corporation guarantees repayment of certain bonds issued by financial institutions.
- Unrealized Gain/Loss – Difference between the current market value and purchase price (book value) of a security.

- Yield to Maturity – The rate of return of a security held to maturity when both interest payments and the investor’s gain or loss (premium paid or discount taken) on the security is taken into account.

**Pooled Investment Portfolio**

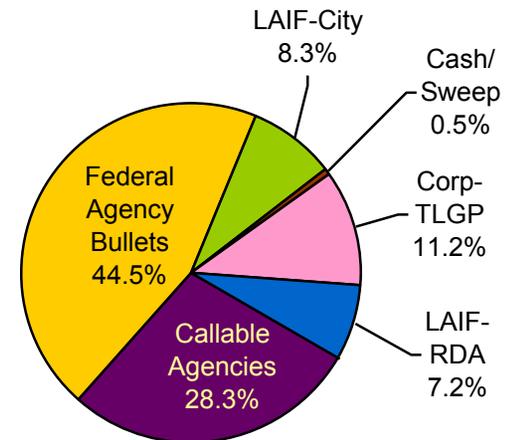
As of January 31, 2011, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$590.2 million, a \$33.2 million increase from December. As noted above, the increase reflects the drawdown of the remaining balance of a housing line of credit with Bank of America. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure patterns during the month rather than any realized gains or losses on securities. Additionally, the City does not amortize premiums or accrete discounts except for financial reporting purposes on the last day of each fiscal year. Sixteen investments were made during the month (\$94.3 million), six investments matured (\$49 million), and one investment was called (\$5 million). No investments were sold. The net total City and RDA State Local Agency Investment Fund (LAIF) account balances increased by \$0.1 million in January reflecting quarterly interest payments. The balance of the money market sweep account on January 31 was \$2.5 million.

Details of the main portfolio follow.

**Portfolio Composition**

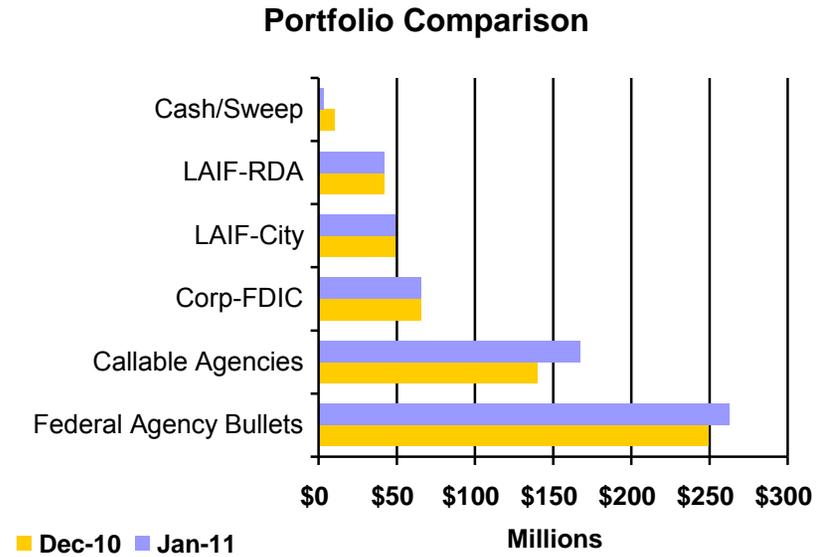
The portfolio is well-diversified and is in compliance with the City’s Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (72.8%). The remaining 27.2% is invested in State Local Agency Investment Fund accounts for the City (8.3%) and the RDA (7.2%); corporate notes (11.2%), all of which are currently FDIC insured bonds (AAA rated) issued under the FDIC’s Temporary Liquidity Guarantee Program (TLGP); and cash including the money market sweep account (0.5%). This portfolio mix allows the City to maintain its primary investment objectives of safety and liquidity while attaining a rate of return consistent with the City’s Investment Policy and Investment Plan.

**Portfolio Composition**



**Portfolio Comparison**

The chart to the right shows the overall structure of the portfolio by type of investment compared to last month. There were no significant changes in January. The City continues to hold a major balance in short term funds as interest rates remain at historic lows, and LAIF still provides a significant benefit over other types of investments with maturities one year and under. The bond market, financial and economic conditions, and portfolio structure are continuously evaluated when making investment decisions.



**Rebalancing of Portfolio**

No portfolio rebalancing occurred in January due to the low interest rate environment. However, when rates begin to consistently rise again, rebalancing opportunities will be evaluated.

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
January 31, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Treasury Discount Securities</b>												
<b>Subtotal and Average</b>			<b>6,451,218.64</b>									
<b>Federal Agency Coupon</b>												
31331JCY7	10939	Federal Farm Credit Bank		02/17/2010	4,000,000.00	4,000,000.00	4,000,000.00	0.350	349	0.350	0	02/01/2011
31331YWG1	10817	Federal Farm Credit Bank		01/22/2009	5,000,000.00	5,012,450.00	5,144,150.00	3.000	770	1.607	30	03/03/2011
3133XPNY6	10751	Federal Home Loan Bank		05/29/2008	3,000,000.00	3,008,730.00	2,948,160.00	2.875	1,016	3.521	38	03/11/2011
31359MM26	10750	Federal National Mort Assoc		05/29/2008	3,000,000.00	3,030,900.00	3,134,760.00	5.125	1,051	3.470	73	04/15/2011
31331YG46	10865	Federal Farm Credit Bank		05/22/2009	5,000,000.00	5,026,900.00	5,145,915.57	2.625	699	1.080	79	04/21/2011
3128X7MN1	10810	Fed Home Loan Mortgage Corp		01/15/2009	5,000,000.00	5,043,050.00	5,206,700.00	3.500	840	1.664	93	05/05/2011
3133XFJY3	10699	Federal Home Loan Bank		01/18/2008	5,000,000.00	5,087,100.00	5,335,350.00	5.250	1,239	3.150	129	06/10/2011
3133XR4U1	10806	Federal Home Loan Bank		01/09/2009	5,000,000.00	5,047,450.00	5,174,150.00	3.125	882	1.650	129	06/10/2011
3133XTXH4	10894	Federal Home Loan Bank		08/26/2009	4,000,000.00	4,027,360.00	4,028,380.00	1.625	700	1.250	176	07/27/2011
31331GDC0	10877	Federal Farm Credit Bank		07/17/2009	5,000,000.00	5,115,250.00	5,253,302.16	3.600	819	1.299	255	10/14/2011
3133XV6K2	10903	Federal Home Loan Bank		10/14/2009	5,000,000.00	5,029,300.00	5,011,850.00	1.150	730	1.030	255	10/14/2011
31331JBL6	10921	Federal Farm Credit Bank		01/14/2010	5,000,000.00	5,035,750.00	5,003,900.00	1.100	728	1.060	345	01/12/2012
3133XWFP9	10930	Federal Home Loan Bank		02/04/2010	1,205,000.00	1,213,676.00	1,205,554.30	1.050	750	1.025	388	02/24/2012
3133XYGF7	10965	Federal Home Loan Bank		06/04/2010	5,000,000.00	5,033,550.00	5,011,150.00	1.000	634	0.866	392	02/28/2012
3133XWW47	11003	Federal Home Loan Bank		10/06/2010	2,000,000.00	2,016,360.00	2,023,407.50	1.125	520	0.360	402	03/09/2012
31398AH54	11028	Federal National Mort Assoc		12/09/2010	5,000,000.00	5,034,800.00	5,041,177.78	1.000	482	0.510	428	04/04/2012
31331JJW4	10949	Federal Farm Credit Bank		04/15/2010	2,105,000.00	2,108,289.06	2,105,000.00	1.230	721	1.230	429	04/05/2012
31331GVL0	10860	Federal Farm Credit Bank		05/07/2009	5,000,000.00	5,090,150.00	5,000,000.00	1.875	1,096	1.875	461	05/07/2012
3133MNVV0	10814	Federal Home Loan Bank		01/16/2009	5,000,000.00	5,341,350.00	5,620,170.41	5.750	1,212	1.880	466	05/12/2012
3133XWKU5	10980	Federal Home Loan Bank		07/29/2010	5,000,000.00	5,061,450.00	5,058,750.00	1.375	680	0.737	493	06/08/2012
3133XP68	10946	Federal Home Loan Bank		03/26/2010	5,000,000.00	5,055,150.00	4,990,800.00	1.250	854	1.331	542	07/27/2012
3133.XWXJ3	10938	Federal Home Loan Bank		02/16/2010	4,000,000.00	4,044,200.00	4,000,000.00	1.250	895	1.250	545	07/30/2012
3133XWQ36	10999	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,532,275.00	2,539,400.00	1.375	669	0.514	545	07/30/2012
31398AYM8	10911	Federal National Mort Assoc		12/04/2009	5,000,000.00	5,093,550.00	5,066,400.00	1.750	980	1.245	556	08/10/2012
3133XUE41	10906	Federal Home Loan Bank		11/19/2009	5,000,000.00	5,094,850.00	5,056,600.00	1.750	1,007	1.337	568	08/22/2012
3134G1GQ1	10981	Fed Home Loan Mortgage Corp		08/13/2010	2,500,000.00	2,518,375.00	2,514,900.00	1.000	746	0.668	574	08/28/2012
3133XUK93	10890	Federal Home Loan Bank		08/19/2009	5,000,000.00	5,117,187.50	5,007,335.75	2.000	1,122	1.951	591	09/14/2012
3133XUK93	10995	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,558,593.75	2,573,422.22	2.000	715	0.534	591	09/14/2012
3134G1VG6	11001	Fed Home Loan Mortgage Corp		10/06/2010	3,000,000.00	3,002,400.00	3,006,600.00	0.625	755	0.509	637	10/30/2012
3136FPUC9	11015	Federal National Mort Assoc		11/23/2010	4,000,000.00	3,987,920.00	3,995,757.78	0.500	707	0.572	637	10/30/2012
3134G1WT7	11012	Fed Home Loan Mortgage Corp		11/16/2010	5,000,000.00	4,992,350.00	4,991,650.00	0.515	741	0.612	664	11/26/2012
3134G1WT7	11026	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	4,992,350.00	4,988,858.33	0.515	719	0.638	664	11/26/2012
3136FPM61	11029	Federal National Mort Assoc		12/28/2010	5,000,000.00	4,997,000.00	5,000,000.00	0.875	731	0.875	696	12/28/2012

Portfolio INVT

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
January 31, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Coupon</b>												
3133XW7L7	11007	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,059,080.00	4,092,600.00	1.500	804	0.441	715	01/16/2013
313372D35	11037	Federal Home Loan Bank		01/28/2011	2,500,000.00	2,500,825.00	2,500,000.00	1.050	731	1.050	727	01/28/2013
3136FJ3M1	10928	Federal National Mort Assoc		02/11/2010	2,500,000.00	2,500,425.00	2,500,000.00	1.000	1,096	1.000	741	02/11/2013
31331KAE0	11075	Federal Farm Credit Bank		01/19/2011	5,000,000.00	5,004,200.00	5,000,000.00	0.750	762	0.750	749	02/19/2013
31331JBV4	10929	Federal Farm Credit Bank		02/04/2010	2,500,000.00	2,547,700.00	2,502,800.00	1.750	1,113	1.709	751	02/21/2013
31359MQV8	10909	Federal National Mort Assoc		12/03/2009	5,000,000.00	5,410,900.00	5,496,750.00	4.750	1,176	1.570	751	02/21/2013
3133XWX87	10945	Federal Home Loan Bank		03/23/2010	2,000,000.00	2,039,460.00	2,003,100.00	1.750	1,081	1.696	766	03/08/2013
3136FMBK9	10940	Federal National Mort Assoc		03/15/2010	5,000,000.00	5,002,000.00	5,000,000.00	1.000	1,096	1.000	773	03/15/2013
31398AH70	10943	Federal National Mort Assoc		03/15/2010	5,000,000.00	5,008,050.00	5,000,000.00	1.800	1,096	1.800	773	03/15/2013
3128X8TZ5	10844	Fed Home Loan Mortgage Corp		04/08/2009	5,000,000.00	5,020,200.00	5,000,000.00	2.500	1,461	2.500	797	04/08/2013
31398AQ54	10953	Federal National Mort Assoc		05/06/2010	5,000,000.00	5,017,900.00	4,996,250.00	1.875	1,096	1.901	825	05/06/2013
3133XR5U0	10901	Federal Home Loan Bank		10/02/2009	5,000,000.00	5,333,100.00	5,312,250.00	3.750	1,351	1.990	864	06/14/2013
3133XYHDO	10962	Federal Home Loan Bank		05/28/2010	5,000,000.00	5,091,700.00	4,995,200.00	1.625	1,113	1.657	864	06/14/2013
3134G1US1	10994	Fed Home Loan Mortgage Corp		09/27/2010	5,000,000.00	5,004,250.00	5,000,000.00	1.000	1,004	1.000	877	06/27/2013
313371AR7	10996	Federal Home Loan Bank		10/01/2010	2,500,000.00	2,493,375.00	2,501,475.00	0.750	1,001	0.730	878	06/28/2013
3134G1HW7	10972	Fed Home Loan Mortgage Corp		06/28/2010	5,000,000.00	5,024,650.00	5,000,000.00	1.625	1,096	1.625	878	06/28/2013
3134G1JG0	10973	Fed Home Loan Mortgage Corp		07/08/2010	5,000,000.00	5,006,250.00	5,000,000.00	1.000	1,096	1.000	888	07/08/2013
3134G1J28	11035	Fed Home Loan Mortgage Corp		01/25/2011	2,500,000.00	2,504,850.00	2,500,000.00	1.250	912	1.250	905	07/25/2013
3136FJ4C2	10924	Federal National Mort Assoc		02/23/2010	5,000,000.00	5,064,350.00	5,000,000.00	2.000	1,277	2.000	934	08/23/2013
313370SQ2	10988	Federal Home Loan Bank		08/30/2010	5,000,000.00	4,999,350.00	5,000,000.00	0.500	1,094	0.500	939	08/28/2013
313372H64	11049	Federal Home Loan Bank		01/28/2011	2,200,000.00	2,202,970.00	2,200,000.00	1.000	943	1.000	939	08/28/2013
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,128,070.00	3,076,230.00	2.625	1,288	1.876	955	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,502,000.00	2,503,127.78	1.000	1,127	0.962	955	09/13/2013
31331JJ38	10993	Federal Farm Credit Bank		09/23/2010	5,000,000.00	4,994,531.00	5,000,000.00	1.100	1,096	1.100	965	09/23/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	1,990,820.00	2,007,596.11	0.875	1,118	0.787	1,000	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	3,981,640.00	4,015,561.11	0.875	1,077	0.814	1,000	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	4,977,050.00	5,001,125.00	0.875	1,055	0.957	1,000	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,142,700.00	5,152,050.00	2.100	1,035	1.132	1,028	11/25/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,491,475.00	2,500,000.00	1.125	1,187	1.125	1,050	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,491,975.00	2,500,650.00	1.000	1,218	0.992	1,060	12/27/2013
3136FP3T2	11040	Federal National Mort Assoc		01/27/2011	5,000,000.00	4,992,400.00	5,000,000.00	0.750	1,096	0.750	1,091	01/27/2014
313461T87	11034	Fed Home Loan Mortgage Corp		01/28/2011	5,000,000.00	4,993,400.00	5,000,000.00	0.750	1,096	0.750	1,092	01/28/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,226,200.00	5,092,600.00	2.750	1,506	2.276	1,100	02/05/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,191,320.00	4,117,520.00	3.000	1,461	2.228	1,107	02/12/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,131,220.00	3,191,121.67	2.750	1,206	0.952	1,136	03/13/2014
3133715D4	11014	Federal Home Loan Bank		11/23/2010	5,000,000.00	4,985,350.00	5,009,357.64	1.375	1,228	1.375	1,158	04/04/2014

Portfolio INVT

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
January 31, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Coupon</b>												
31398AXB3	10852	Federal National Mort Assoc		05/05/2009	5,000,000.00	5,028,500.00	5,000,000.00	2.800	1,826	2.800	1,189	05/05/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,147,000.00	4,237,120.00	2.500	1,317	0.829	1,228	06/13/2014
3133722S2	11025	Federal Home Loan Bank		12/23/2010	4,300,000.00	4,304,702.91	4,300,000.00	1.000	1,278	1.000	1,238	06/23/2014
313371YA8	11018	Federal Home Loan Bank		12/27/2010	2,500,000.00	2,468,975.00	2,500,000.00	1.200	1,278	1.200	1,242	06/27/2014
3136FP4G9	11045	Federal National Mort Assoc		01/27/2011	10,000,000.00	9,986,600.00	10,000,000.00	1.000	1,277	1.000	1,272	07/27/2014
313371YB6	11022	Federal Home Loan Bank		12/23/2010	2,500,000.00	2,467,187.50	2,500,000.00	1.300	1,370	1.300	1,330	09/23/2014
313370RB6	10985	Federal Home Loan Bank		08/26/2010	4,000,000.00	3,982,600.00	4,000,000.00	1.000	1,553	1.000	1,394	11/26/2014
3136FPZ83	11033	Federal National Mort Assoc		12/30/2010	5,000,000.00	5,016,350.00	5,000,000.00	2.000	1,461	2.000	1,428	12/30/2014
31331J7M9	11041	Federal Farm Credit Bank		01/21/2011	5,000,000.00	4,984,100.00	5,000,000.00	2.050	1,461	2.050	1,450	01/21/2015
3136FMXY5	10964	Federal National Mort Assoc		06/15/2010	5,000,000.00	5,028,050.00	5,000,000.00	2.000	1,826	2.000	1,595	06/15/2015
3136FM3T9	10977	Federal National Mort Assoc		07/28/2010	2,500,000.00	2,499,575.00	2,500,000.00	1.550	1,826	1.550	1,638	07/28/2015
3136FM2C7	10975	Federal National Mort Assoc		08/04/2010	5,000,000.00	5,013,950.00	5,000,000.00	1.875	1,826	1.875	1,645	08/04/2015
313370RQ3	10984	Federal Home Loan Bank		09/10/2010	4,000,000.00	3,940,520.00	4,000,000.00	1.850	1,826	1.850	1,682	09/10/2015
3136FPKK2	10991	Federal National Mort Assoc		09/28/2010	5,000,000.00	4,982,400.00	5,000,000.00	1.000	1,826	1.000	1,700	09/28/2015
3136FPQC4	10998	Federal National Mort Assoc		10/15/2010	5,000,000.00	4,925,100.00	5,000,000.00	1.250	1,826	1.250	1,717	10/15/2015
3134G1WL4	11000	Fed Home Loan Mortgage Corp		10/26/2010	3,000,000.00	2,966,280.00	3,000,000.00	1.000	1,826	1.000	1,728	10/26/2015
31337N93	11010	Federal Home Loan Bank		11/23/2010	4,000,000.00	3,885,960.00	4,000,000.00	1.700	1,826	1.700	1,756	11/23/2015
313371KF2	11009	Federal Home Loan Bank		11/24/2010	4,000,000.00	3,931,680.00	4,000,000.00	1.050	1,826	1.050	1,757	11/24/2015
3136FPB22	11013	Federal National Mort Assoc		11/30/2010	2,500,000.00	2,456,950.00	2,500,000.00	2.000	1,826	2.000	1,763	11/30/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	1,962,740.00	2,000,000.00	1.740	1,826	1.740	1,770	12/07/2015
3136FPR66	11027	Federal National Mort Assoc		12/30/2010	5,000,000.00	4,977,400.00	5,000,000.00	2.000	1,826	2.000	1,793	12/30/2015
3134G1T53	11036	Fed Home Loan Mortgage Corp		01/28/2011	2,000,000.00	1,995,440.00	2,000,000.00	2.150	1,826	2.150	1,822	01/28/2016
<b>Subtotal and Average</b>			<b>348,101,798.34</b>		<b>373,310,000.00</b>	<b>376,357,862.72</b>	<b>377,488,016.11</b>		<b>1,137</b>	<b>1.363</b>	<b>867</b>	
<b>Federal Agency Discount</b>												
313384BT5	11044	Federal Home Loan Bank		01/18/2011	10,000,000.00	9,999,700.00	9,999,200.00	0.120	24	0.122	10	02/11/2011
313588BW4	11042	Federal National Mort Assoc		01/18/2011	10,000,000.00	9,999,600.00	9,998,950.00	0.140	27	0.142	13	02/14/2011
313384CA5	11017	Federal Home Loan Bank		11/23/2010	5,000,000.00	4,999,750.00	4,998,247.92	0.145	87	0.147	17	02/18/2011
313396DH3	11043	Fed Home Loan Mortgage Corp		01/18/2011	10,000,000.00	9,998,437.00	9,997,416.67	0.150	62	0.152	48	03/21/2011
313588GK5	10967	Federal National Mort Assoc		06/10/2010	7,000,000.00	6,996,220.00	6,967,978.89	0.460	358	0.475	122	06/03/2011
313396HD8	10997	Fed Home Loan Mortgage Corp		09/30/2010	2,500,000.00	2,498,437.50	2,495,966.67	0.220	264	0.226	140	06/21/2011
313396KU6	11047	Fed Home Loan Mortgage Corp		01/25/2011	3,000,000.00	2,997,120.00	2,996,500.00	0.200	210	0.205	203	08/23/2011
313384PV5	11021	Federal Home Loan Bank		11/30/2010	5,000,000.00	4,991,250.00	4,984,875.00	0.300	363	0.309	300	11/28/2011
<b>Subtotal and Average</b>			<b>44,927,590.91</b>		<b>52,500,000.00</b>	<b>52,480,514.50</b>	<b>52,439,135.15</b>		<b>136</b>	<b>0.208</b>	<b>78</b>	

Portfolio INVT

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
January 31, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Local Agency Investment Funds</b>												
SYS10090	10090	Local Agency Investment Fund			48,972,270.85	48,972,270.85	48,972,270.85	0.054	1	0.054	1	
<b>Subtotal and Average</b>			<b>48,948,750.50</b>		<b>48,972,270.85</b>	<b>48,972,270.85</b>	<b>48,972,270.85</b>		<b>1</b>	<b>0.054</b>	<b>1</b>	
<b>Columbia Money Market Fund</b>												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	2,508,539.76	2,508,539.76	2,508,539.76	0.010	1	0.010	1	
<b>Subtotal and Average</b>			<b>13,982,390.99</b>		<b>2,508,539.76</b>	<b>2,508,539.76</b>	<b>2,508,539.76</b>		<b>1</b>	<b>0.010</b>	<b>1</b>	
<b>Local Agency Investment Funds - RDA</b>												
SYS10092	10092	LAIF - RDA		03/17/2009	42,414,734.80	42,414,734.80	42,414,734.80	0.054	1	0.054	1	
<b>Subtotal and Average</b>			<b>42,393,711.46</b>		<b>42,414,734.80</b>	<b>42,414,734.80</b>	<b>42,414,734.80</b>		<b>1</b>	<b>0.054</b>	<b>1</b>	
<b>Corporate Bonds</b>												
17314JAK9	10886	Citigroup		08/07/2009	5,000,000.00	5,029,200.00	5,010,400.00	1.500	704	1.391	161	07/12/2011
38146FAF8	10888	Goldman Sachs		08/07/2009	5,000,000.00	5,032,000.00	5,030,000.00	1.625	707	1.310	164	07/15/2011
17314JAN3	10887	Citigroup		08/07/2009	5,000,000.00	5,029,550.00	4,991,800.00	1.375	733	1.460	190	08/10/2011
61757UAF7	10878	Morgan Stanley		07/21/2009	5,000,000.00	5,056,100.00	5,090,200.00	2.000	793	1.155	233	09/22/2011
86801BAB1	10798	Suntrust Bank		12/29/2008	5,000,000.00	5,106,100.00	5,153,450.00	3.000	1,052	1.900	288	11/16/2011
949744AA4	10790	Wells Fargo Bank		12/10/2008	5,000,000.00	5,113,000.00	4,994,150.00	3.000	1,094	3.041	311	12/09/2011
4042EPAA5	10823	HSBC		02/06/2009	5,000,000.00	5,121,250.00	5,151,350.00	3.125	1,043	2.030	318	12/16/2011
9116CHAA5	10842	US Bank		03/13/2009	5,000,000.00	5,102,950.00	4,999,400.00	2.250	1,096	2.254	406	03/13/2012
06050BAA9	10808	Bank of America		01/20/2009	5,000,000.00	5,182,700.00	5,199,100.00	3.125	1,242	1.913	500	06/15/2012
38146FAA9	10816	Goldman Sachs		01/26/2009	5,000,000.00	5,188,400.00	5,206,850.00	3.250	1,236	1.984	500	06/15/2012
61757UAH3	10846	Morgan Stanley		04/13/2009	5,000,000.00	5,094,750.00	4,998,450.00	1.950	1,164	1.960	505	06/20/2012
17313YAG6	10895	Citigroup		08/28/2009	2,000,000.00	2,045,100.00	2,015,520.00	2.125	1,049	1.844	527	07/12/2012
17313YAL5	10899	Citigroup		10/05/2009	3,000,000.00	3,063,210.00	3,011,940.00	1.875	1,113	1.741	629	10/22/2012
481247AM6	10847	JP Morgan Chase		04/13/2009	5,000,000.00	5,143,150.00	4,993,850.00	2.125	1,353	2.160	694	12/26/2012
<b>Subtotal and Average</b>			<b>65,846,260.00</b>		<b>65,000,000.00</b>	<b>66,307,460.00</b>	<b>65,846,260.00</b>		<b>1,024</b>	<b>1.872</b>	<b>374</b>	
<b>Total and Average</b>			<b>570,651,720.84</b>		<b>584,705,545.41</b>	<b>589,041,382.63</b>	<b>589,668,956.67</b>		<b>855</b>	<b>1.108</b>	<b>604</b>	

**City of Santa Monica  
Portfolio Management  
Activity By Type  
January 1, 2011 through January 31, 2011**

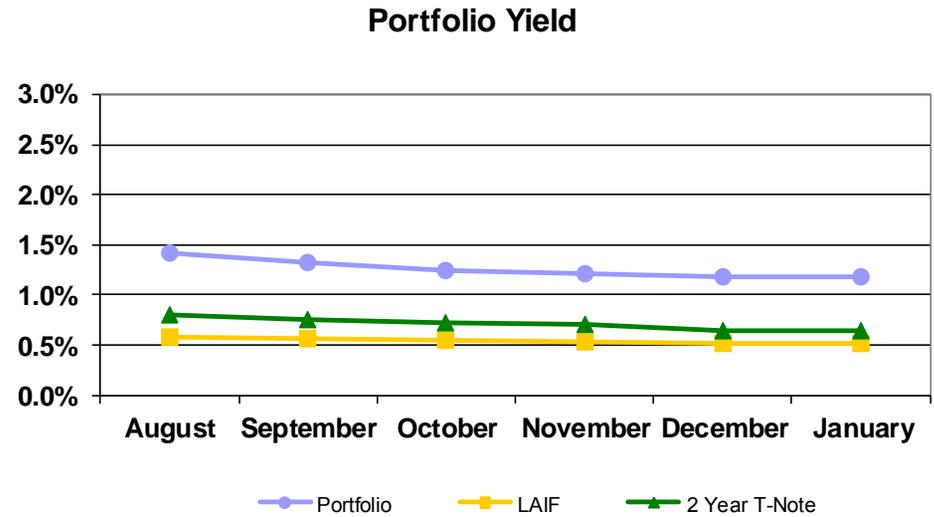
CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Treasury Discount Securities</b>							
912795X97	11038	Treasury Bill	0.110	01/07/2011	9,999,388.89	0.00	
912795X97	11038			01/27/2011	0.00	9,999,388.89	
<b>Subtotal</b>					<b>9,999,388.89</b>	<b>9,999,388.89</b>	<b>0.00</b>
<b>Federal Agency Coupon</b>							
31331J7M9	11041	Federal Farm Credit Bank	2.050	01/21/2011	5,000,000.00	0.00	
31331KAE0	11075	Federal Farm Credit Bank	0.750	01/19/2011	5,000,000.00	0.00	
3133XWKG3	10918	Federal Home Loan Bank	0.375	01/06/2011	0.00	4,996,500.00	
3133XWP29	10922	Federal Home Loan Bank	2.050	01/26/2011	0.00	5,000,000.00	
313372D35	11037	Federal Home Loan Bank	1.050	01/28/2011	2,500,000.00	0.00	
3133XVWW7	11048	Federal Home Loan Bank	2.100	01/25/2011	5,134,550.00	0.00	
313372H64	11049	Federal Home Loan Bank	1.000	01/28/2011	2,200,000.00	0.00	
3137EABW8	10869	Fed Home Loan Mortgage Corp	1.500	01/07/2011	0.00	3,030,120.00	
313461T87	11034	Fed Home Loan Mortgage Corp	0.750	01/28/2011	5,000,000.00	0.00	
3134G1U28	11035	Fed Home Loan Mortgage Corp	1.250	01/25/2011	2,500,000.00	0.00	
3134G1T53	11036	Fed Home Loan Mortgage Corp	2.150	01/28/2011	2,000,000.00	0.00	
3136FP3T2	11040	Federal National Mort Assoc	0.750	01/27/2011	5,000,000.00	0.00	
3136FP4G9	11045	Federal National Mort Assoc	1.000	01/27/2011	10,000,000.00	0.00	
<b>Subtotal</b>					<b>44,334,550.00</b>	<b>13,026,620.00</b>	<b>377,488,016.11</b>
<b>Federal Agency Discount</b>							
313384AP4	11031	Federal Home Loan Bank	0.080	01/14/2011	0.00	11,999,333.33	
313384AF6	11032	Federal Home Loan Bank	0.030	01/06/2011	0.00	11,999,830.00	
313384BB4	11039	Federal Home Loan Bank	0.110	01/07/2011	6,999,593.61	0.00	
313384BB4	11039			01/26/2011	0.00	6,999,593.61	
313384BT5	11044	Federal Home Loan Bank	0.120	01/18/2011	9,999,200.00	0.00	
313396DH3	11043	Fed Home Loan Mortgage Corp	0.150	01/18/2011	9,997,416.67	0.00	
313396KU6	11047	Fed Home Loan Mortgage Corp	0.200	01/25/2011	2,996,500.00	0.00	
313588BW4	11042	Federal National Mort Assoc	0.140	01/18/2011	9,998,950.00	0.00	
<b>Subtotal</b>					<b>39,991,660.28</b>	<b>30,998,756.94</b>	<b>52,439,135.15</b>
<b>Local Agency Investment Funds (Monthly Summary)</b>							
SYS10090	10090	Local Agency Investment Fund	0.054		56,086.99	0.00	
<b>Subtotal</b>					<b>56,086.99</b>	<b>0.00</b>	<b>48,972,270.85</b>

**City of Santa Monica**  
**Portfolio Management**  
**Activity By Type**  
**January 1, 2011 through January 31, 2011**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Columbia Money Market Fund (Monthly Summary)</b>							
SYS10091	10091	Columbia Money Market Reserves	0.010		52,374,221.52	59,098,622.30	
		<b>Subtotal</b>			52,374,221.52	59,098,622.30	2,508,539.76
<b>Local Agency Investment Funds - RDA (Monthly Summary)</b>							
SYS10092	10092	LAIF - RDA	0.054		50,132.57	0.00	
		<b>Subtotal</b>			50,132.57	0.00	42,414,734.80
<b>Corporate Bonds</b>							
		<b>Subtotal</b>					65,846,260.00
		<b>Total</b>			146,806,040.25	113,123,388.13	589,668,956.67

**Portfolio Yield**

The portfolio yield-to-maturity was 1.18% as of January 31, 2011, unchanged from December and down sixty-four (64) basis points from January 2010. This is the nineteenth month in the last twenty where the yield either declined or stayed flat. The extended record low interest rate environment continues to affect portfolio returns. This month’s yield is three hundred ninety-two (392) basis points below the most recent high mark of 5.1% in September 2007 and is at the lowest point for which records are available. The chart compares the month-end portfolio yield to the twelve-month moving averages of the two-year Constant Maturing Treasury security yield (CMT) and State Local Agency Investment Fund (LAIF) yield.



Interest rates in the two to five year maturity range decreased slightly in January after two months of sharp increases and remain near historical lows. The month-end two year CMT decreased three (3) basis points in January and is forty-four (44) basis points lower than in March 2010, when rates hit their most recent high point. The twelve month moving average of the CMT was unchanged in January and remains four hundred fifteen (415) basis points off its February 2007 high. Rates are now expected to remain relatively low through at least the middle of 2011 and possibly beyond. LAIF rates also continue to reflect the low interest rate environment. The twelve month moving average LAIF yield was unchanged at 0.52% in January, and has not shown a monthly increase in the last thirty-nine months. The monthly LAIF yield for January was 0.54%, up eight basis points, but still near historic lows.

At its January meeting, the Federal Open Market Committee (Fed) left the target Fed Funds rate remains unchanged at a range of 0% to 0.25%. Fed policy statements have indicated that they intend to keep rates at low levels for an extended time period. The economy continues to show positive signs in most areas, but some concerns regarding the long term health of the economy continue. Although the housing market had appeared to have bottomed out, renewed slowing has recurred as prices continue to show year over year decreases, foreclosures remain very high, and some analysts are beginning to project a “double dip” in the housing market. Unemployment continues to hinder economic growth, although the January rate decreased to 9%, the lowest level since April 2009. Fourth quarter GDP growth was a modest 3.1%, up from 2.6% in the

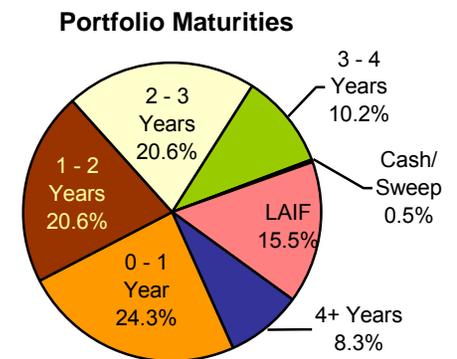
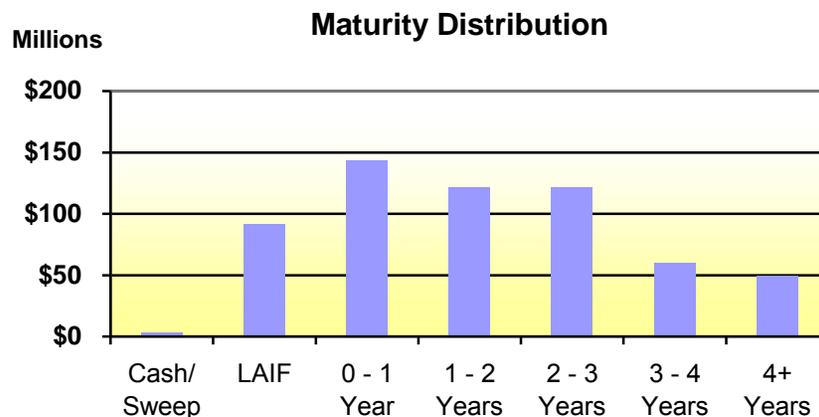
previous quarter. The stock market has been strong for the last few months. The Dow Jones Industrial Average increased about 2% in January and is up nearly 18% since the end of August. The expected crisis in the commercial real estate market has not materialized. Most economists now expect mild to moderate economic growth to continue for the remainder of 2011 and into 2012.

The City’s portfolio yield-to-maturity has decreased significantly over the last three years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield will likely continue to decrease over the next few months, but the market continues to be volatile, so yields could vary on a month-to-month basis. More bonds will be called in the next few months as interest rates are expected to remain near historic lows.

Investment earnings in January were \$0.4 million. Fiscal year-to-date earnings are down 41.6% from the same period last year.

**Maturity Distribution**

The weighted average days to maturity as of January 31, 2011 is 604 days (1.65 years), twenty three days more than the prior month. As noted elsewhere in this report, the current volatile and low interest rate environment continues to result in bonds being called, and the portfolio’s average days to maturity may vary over the next several months. Additionally, investments are being made primarily in maturities of three years or less as rates are not expected to begin a period of significant increase during the next few months.



**Unrealized Gains/Losses**

The Governmental Accounting Standards Board Statement No. 31 (GASB 31) requires public agencies to report all investments, with certain exceptions, at current fair market value rather than at the original purchase price. Current fair market value is defined in GASB 31 as “the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation state.”

The current fair market value and unrealized gain/loss of a security do not affect its redemption value or yield if held to maturity. There is an inverse relationship between the price of the bond and the market interest rate. The City’s practice is to purchase most securities with the intent to hold them to maturity. Book value and market values are exclusive of interest realized to date on investments. Also, the book value shown is the purchase price and is exclusive of any amortization of premiums or accretion of discounts. As of January 31, 2011, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$	589,041,382.63
Book Value (purchase price)		589,668,956.67
Unrealized Gain/(Loss)	\$	(627,474.04)

**Charnock Settlement**

All remaining restricted settlement funds are now held in an escrow account with Union Bank to be used to pay for the costs of design, construction, and operation of the water treatment facility at the Charnock Wells. These funds are invested under the same guidelines as the pooled portfolio with maturity dates to match the estimated cash flow needs of the Water Treatment Facility project. In accordance with the December 2006 settlement agreement, investment income earned in the escrow account is not restricted for use on the project. In August 2009, all investment income earned from date of account opening (December 2006) through July 2009 was transferred to the City (approximately \$9.7 million) and interest is now being transferred on a monthly basis. Funds remaining in the account (approximately \$33.5 million) should be sufficient to cover

remaining costs related to construction of the facility and operations for the first three to four years. Construction was completed near the end of 2010 and the plant is now operational. The yield to maturity on these funds as of January 31, 2011 is 0.74%. On January 31, 2011, the portfolio showed an unrealized loss of \$254,544.96. The weighted average days-to-maturity was 83 days. Most investments are being held in very short maturity/low yield investments pending completion of construction of the treatment facility.

### **Compliance**

California State law and the City's Investment Policy set certain legal standards for allowable investments that can be included in the City's portfolio. Additionally, there are certain maximum limits for classes of investments, as well as minimum credit quality requirements. In testing for compliance, the City considers all funds under the direct control and invested directly by the City including the pooled portfolio and the Water Treatment Facility account. Bond proceeds and the Cemetery and Mausoleum Perpetual Care Funds are excluded.

The following tables summarize portfolio compliance as of January 31, 2011; all investments were in compliance with State law and the City's Investment Policy at the time of purchase. State law requires that any investment subject to a credit downgrade subsequent to the time of purchase shall be reviewed for possible sale within a reasonable amount of time after the downgrade. As of the date of this report, the portfolio includes no bonds that have been downgraded since the time of purchase and all remaining corporate bonds are FDIC insured and rated AAA.

Further detail regarding City compliance with State law and City investment guidelines is presented as follows:

**SM Water Treatment Facility  
Portfolio Management  
Portfolio Details - Investments  
January 31, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
<b>Money Market Sweep Fund</b>												
SYS1	1	Blackrock Institutional Funds-		12/19/2006	22,644,298.99	22,644,298.99	22,644,298.99	0.010	0.010	0.010	1	
<b>Subtotal and Average</b>			<b>21,668,214.39</b>		<b>22,644,298.99</b>	<b>22,644,298.99</b>	<b>22,644,298.99</b>		<b>0.010</b>	<b>0.010</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>												
3137EAAB5	45	Federal Home Loan Mortgage Cor		04/16/2008	1,200,000.00	1,212,624.00	1,277,432.96	5.125	2.829	2.869	76	04/18/2011
3137EAAF6	42	Federal Home Loan Mortgage Cor		04/16/2008	4,200,000.00	4,298,784.00	4,497,570.00	5.250	2.910	2.950	167	07/18/2011
3133XT2T2	57	Federal Home Loan Bank		07/17/2009	5,000,000.00	5,096,650.00	5,087,600.00	2.250	1.529	1.550	374	02/10/2012
<b>Subtotal and Average</b>			<b>10,862,602.96</b>		<b>10,400,000.00</b>	<b>10,608,058.00</b>	<b>10,862,602.96</b>		<b>2.254</b>	<b>2.285</b>	<b>253</b>	
<b>Federal Agency Disc. -At Cost</b>												
<b>Subtotal and Average</b>			<b>1,612,307.35</b>									
<b>Total and Average</b>			<b>34,143,124.70</b>		<b>33,044,298.99</b>	<b>33,252,356.99</b>	<b>33,506,901.95</b>		<b>0.737</b>	<b>0.747</b>	<b>83</b>	

**Portfolio Allocation as of 1/31/11**

	Pooled Portfolio	SM Water Treatment Facility Account (1)	Total Portfolio (2) (4)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
<b>Federal Agency Securities</b>						
Federal Home Loan Bank	\$161,949,943.52	\$5,087,600.00	\$167,037,543.52	26.8%	50.0%	Yes
Federal National Mortgage Association	132,981,746.12	0.00	132,981,746.12	21.3%	50.0%	Yes
Federal Home Loan Mortgage Corporation	79,722,873.89	5,775,002.96	85,497,876.85	13.7%	50.0%	Yes
Federal Farm Credit Bank	55,272,587.73	0.00	55,272,587.73	8.9%	50.0%	Yes
<b>Total Federal Agency Securities</b>	<b>\$429,927,151.26</b>	<b>10,862,602.96</b>	<b>440,789,754.22</b>	<b>70.7%</b>	n/a	Yes
<b>Corporate Bonds</b>						
Corporate Bonds - TGLP (FDIC Insured)	\$65,846,260.00	\$0.00	65,846,260.00			
Corporate Bonds - Other	\$0.00		0.00			
<b>Total Corporate Bonds</b>	<b>\$65,846,260.00</b>	<b>\$0.00</b>	<b>\$65,846,260.00</b>	<b>10.6%</b>	30.0%	Yes
<b>Money Market Mutual Funds</b>						
Columbia Money Market Reserves Advisor Class	2,508,539.76		2,508,539.76	0.4%	10.0%	Yes
BlackrockT-Find Cash Management Sweep		22,644,298.99	22,644,298.99	3.6%	10.0%	Yes
<b>Total-Money Market Mutual Funds</b>	<b>\$2,508,539.76</b>	<b>\$22,644,298.99</b>	<b>\$25,152,838.75</b>	<b>4.0%</b>	20.0%	Yes
<b>State Local Agency Investment Fund-City</b>	<b>\$48,972,270.85</b>		<b>\$48,972,270.85</b>	<b>7.9%</b>	\$50 million	Yes
<b>State Local Agency Investment Fund-RDA</b>	<b>\$42,414,734.80</b>		<b>\$42,414,734.80</b>	<b>6.8%</b>	\$50 million	Yes
<b>Cash (3)</b>	<b>579,840.29</b>		<b>579,840.29</b>	<b>0.1%</b>	None	Yes
<b>Total (Book Value)</b>	<b>\$590,248,796.96</b>	<b>\$33,506,901.95</b>	<b>\$623,755,698.91</b>	<b>100.00%</b>		

**Notes:**

- (1) Held by Union Bank
- (2) Excludes bond proceeds, funds held in trust for others, petty cash accounts, and other funds which are not entirely under City ownership and control
- (3) City's general bank account held at Bank of America. Does not include balance of HUD depository account (\$3,156,950.03)
- (4) Value used to test compliance is reported value (book value plus unrealized purchased interest).

**Credit Ratings - Corporate Medium Term Notes**

	Standard & Poors/		In Compliance (Yes/No)
	Fitch	Moodys	
<b>Best Quality</b>	AAA	Aaa	Yes
	AA+	Aa1	Yes
<b>High Quality</b>	AA	Aa2	Yes
	AA-	Aa3	Yes
	A+	A1	Yes
<b>Upper Medium Grade</b>	A	A2	Yes
	A-	A3	Yes
	BBB+	Baa1	No
<b>Medium Grade</b>	BBB	Baa2	No
	BBB-	Baa3	No

**City Portfolio as of 1/31/11 (Book Value)**

Security	Pooled Portfolio	MTBE Custodial Account	SM Water Treatment Facility Account	Total Portfolio	Credit Rating*	In Compliance (Yes/No)
<b>Corporate - TLGP (FDIC Guaranteed)</b>						
Bank of America 3.125% (TLGP) 6/15/2012	\$5,199,100.00			\$5,199,100.00	AAA	Yes
Suntrust Bank 3% (TLGP) maturing 11/16/11	\$5,153,450.00			\$5,153,450.00	AAA	Yes
Goldman Sachs 3.25% (TLGP) 6/15/2012	\$5,206,850.00			\$5,206,850.00	AAA	Yes
Goldman Sachs 1.625% (TLGP) 7/15/11	\$5,030,000.00			\$5,030,000.00	AAA	Yes
HSBC 3.125% (TLGP) maturing 12/16/11	\$5,151,350.00			\$5,151,350.00	AAA	Yes
JP Morgan Chase 2.125% (TLGP) maturing 12/26/12	\$4,993,850.00			\$4,993,850.00	AAA	Yes
Wells Fargo Bank 3% (TLGP) maturing 1/12/11	\$4,994,150.00			\$4,994,150.00	AAA	Yes
Morgan Stanley 1.95% (TLGP) maturing 6/20/12	\$4,998,450.00			\$4,998,450.00	AAA	Yes
Morgan Stanley 2% (TLGP) maturing 9/22/11	\$5,090,200.00			\$5,090,200.00	AAA	Yes
U.S. Bank 2.25% (TLGP) maturing 3/13/12	\$4,999,400.00			\$4,999,400.00	AAA	Yes
Citigroup 2.125% (TLGP) maturing 7/12/12	\$2,015,520.00			\$2,015,520.00	AAA	Yes
Citigroup 1.5% (TLGP) maturing 7/12/11	\$5,010,400.00			\$5,010,400.00	AAA	Yes
Citigroup 1.875% (TLGP) maturing 10/22/12	\$3,011,940.00			\$3,011,940.00	AAA	Yes
Citigroup 1.375% (TLGP) maturing 8/10/11	\$4,991,600.00			\$4,991,600.00	AAA	Yes

\* Per Standard and Poors

**Certification**

In compliance with California Government Code Section 53546 as amended January 1, 1996, I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the City's budgeted expenditure requirements for the next six months.

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Carol Swindell, Director of Finance/City Treasurer