



Information Item

Date: September 22, 2011

To: Mayor and City Council
From: Gigi Decavalles-Hughes, Acting Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for July 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 July 31, 2011.

Discussion

The July 2011 Investment Report highlights changes from June. The value of cash and investments held in the pooled portfolio decreased by \$18.5 million in July to \$578.8 million. The decrease is primarily due to prepayment of the City's FY 2011-12 CalPERS obligation. The pooled portfolio yield-to-maturity of 1.1% was unchanged from June. The yield was 33 basis points lower than one year earlier. Investment earnings for the month were \$0.4 million. Fiscal year earnings are down 12.5% 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 July 31, 2011 included \$30.5 million in Charnock settlement-related funds, \$108.9 million in debt proceeds held in trust with fiscal agents, \$11.8 million in other funds held in trust, and \$57,222 in petty cash/change funds for a total balance of \$730 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 to maturity of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of July 31, 2011, the market value of the City's portfolio was about \$0.8 million greater than the book value.

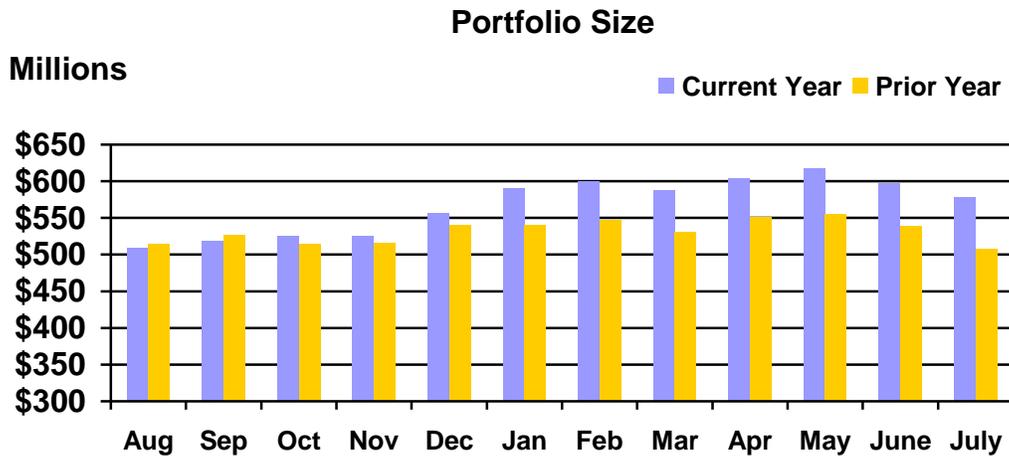
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of July 31, 2011.

Prepared by: David Carr, Treasury Administrator

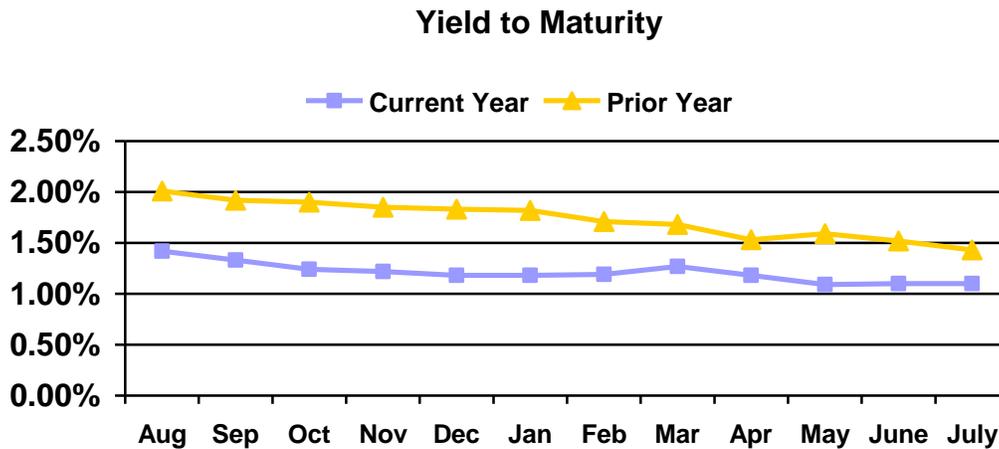
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

July 31, 2011

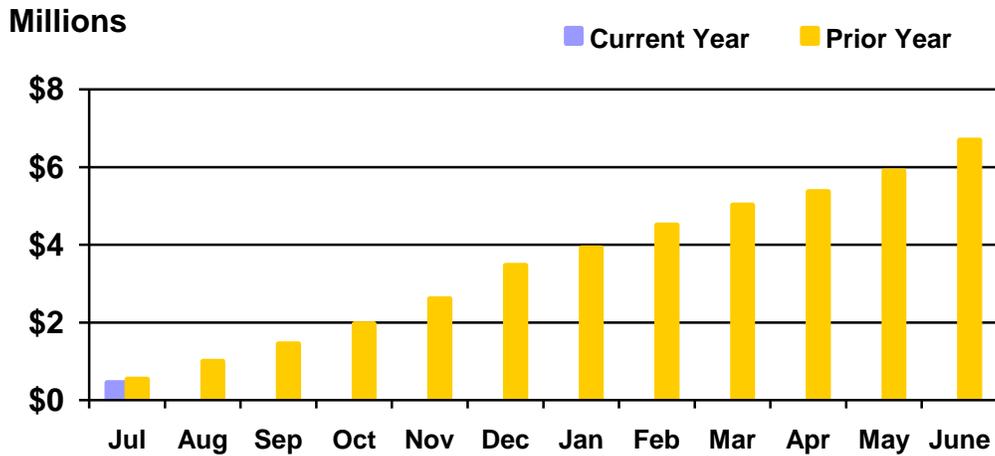


- As of July 31, the portfolio size is \$578.8 million, \$18.5 million less than in June, but \$71.4 million greater than in July 2010.

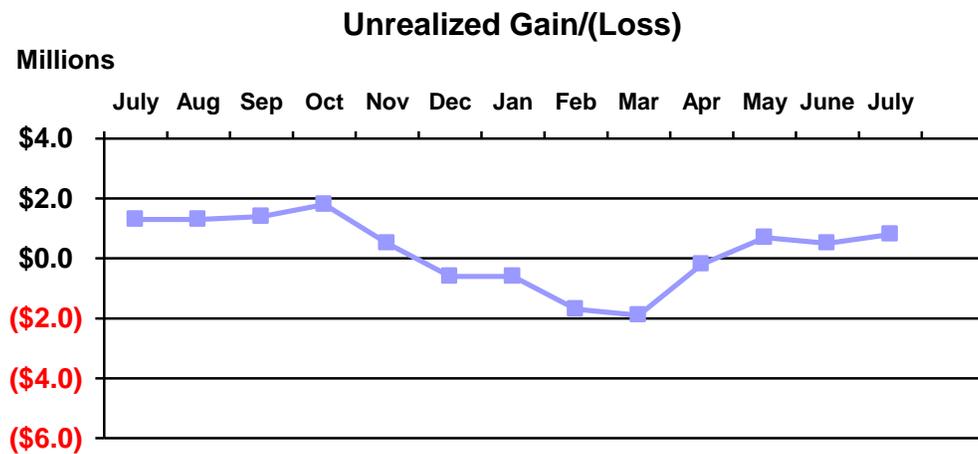


- As of July 31 yield to maturity is 1.1%.
- Unchanged from June, but a decrease of thirty-three basis points from one year earlier.

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



- July earnings were 12.5% less than one year earlier.



- The unrealized gain of \$0.8 million reported as of July 31, 2011 is the difference between market value and the unamortized book value (purchase price).



Investment Report

July 2011

Prepared by:
Gigi Decavalles-Hughes, Acting Director of Finance/City Treasurer
David R. Carr, Treasury Administrator

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

Petty Cash/Change Funds \$57,222.00

Pooled Portfolio

Bank of America (1)		
General Account	\$1,267,011.78	
Columbia Money Market Sweep Account	\$17,319,527.59	
Total Bank of America	\$18,586,539.37	
Bank of New York (BNY)		
Corporate Bonds - FDIC Insured	\$59,880,122.22	
Federal Agencies Securities	\$433,698,573.32	
Treasury Bills	\$19,999,725.00	
Total Bank of New York	\$513,578,420.54	
State of California Local Agency Investment Fund - RDA	\$35,121.05	
State of California Local Agency Investment Fund - City	\$46,588,893.16	
Total Pooled Portfolio		\$578,788,974.12

Restricted Cash/Investments Held in Trust/Debt Proceeds

Union Bank - Redevelopment Agency Term Loan	\$60,074,948.98	
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$6.96	
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	\$1,179,407.07	
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	\$2,826,980.33	
Union Bank-RDA 2011 Tax Allocation Bonds	\$40,994,636.42	
Total Restricted Cash/Investments Held in Trust		\$108,896,773.20

Charnock Settlement Funds

Union Bank (December 2006 Settlement)		
Money Market Funds	\$25,458,433.94	
Federal Agencies Securities	\$5,087,600.00	
Corporate Bonds	\$0.00	
Total Union Bank (December 2006 Settlement)	\$30,546,033.94	
Total Charnock Settlement Funds		\$30,546,033.94

Other Restricted Funds/Funds Held in Trust

Cemetery Perpetual Care Fund (3)	\$7,976,529.00	
Mausoleum Perpetual Care Fund (3)	\$868,912.00	
HUD Depository Account (4)	\$2,825,111.16	
Public Agency Family Self Sufficiency Program (2)	\$84,955.55	
Total Other Funds Held in Trust		\$11,755,507.71

GRAND TOTAL \$730,044,510.97

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

- (1) This is the actual bank account balance as of 7/31/11. 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*
July 31, 2011**

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

Cash and Investments - June 30, 2011	597,262,684.39
Receipts	58,425,135.91
Disbursements	(76,898,846.18)
Cash and Investments - July 31, 2011	\$578,788,974.12

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

Gigi Decavalles-Hughes
Acting Director of Finance/City Treasurer

Overview

As of July 31, 2011, total City cash and investments were \$730 million, a \$28.9 million decrease from June. The decrease is primarily due to pre-payment of the City's FY2011/12 CalPERS retirement liability and semi-annual debt service payments from Restricted Cash Held in Trust by fiscal agents. Total cash and investments are categorized as follows:

Petty Cash	\$	57,222.00
Pooled Investment Portfolio	\$	578,788,974.12
Restricted Cash/Investment Held in Trust	\$	108,896,773.20
Charnock Settlement Funds	\$	30,546,033.94
Other Funds Held in Trust	\$	11,755,507.71
Total	\$	<u>730,044,510.97</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

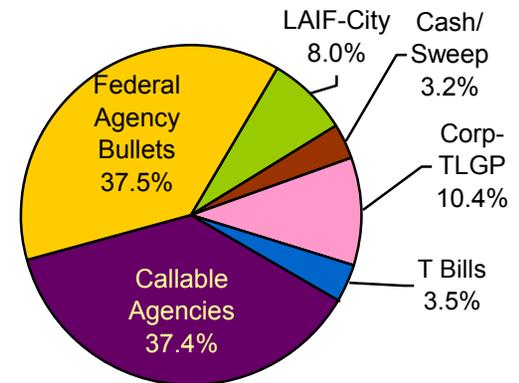
As of July 31, 2011, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$578.8 million, a \$18.5 million decrease from June. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure 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. The primary component of the change from June is prepayment of the City’s FY2011/12 CalPERS employer contribution. Fifteen investments were made during the month (\$74.5 million), seven investments matured (\$47.9 million), and eight investments were called (\$32 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 July. The balance of the money market sweep account as of July month-end was \$17.3 million.

Details of the main portfolio follow.

Portfolio Composition

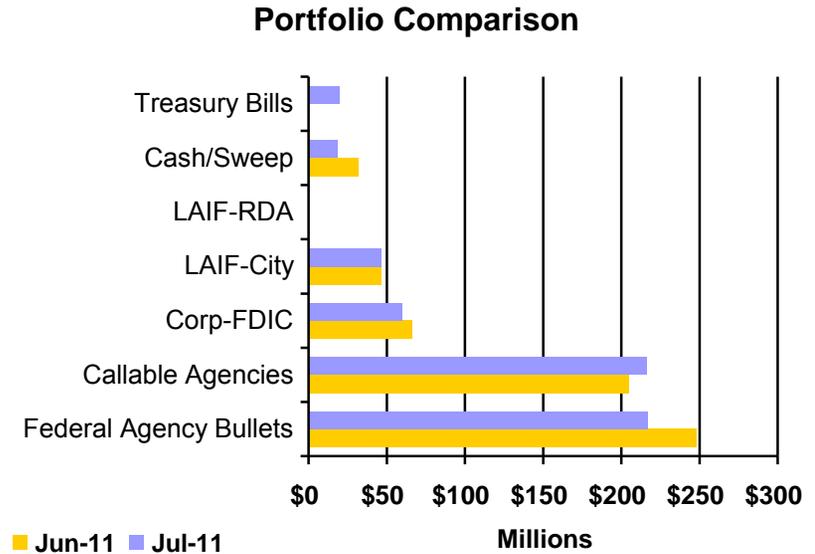
The portfolio is well-diversified and is in compliance with the City’s Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (74.9%). The remaining 25.1% is invested in the State Local Agency Investment Fund (8%); corporate notes (10.4%); all of which are currently FDIC insured bonds (AAA rated) issued under the FDIC’s Temporary Liquidity Guarantee Program (TLGP); Treasury Bills (3.5%); and cash including the money market sweep account (3.2%). 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 July other than Treasury Bills with a short maturity were purchased to replace maturing Agency discount notes because of a slight yield advantage. Also, more funds were held in the sweep account than is typical due to a number of investments being called at month-end. The City continues to hold a major balance in short term funds as interest rates remain at historic lows, and LAIF is still 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 July 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
July 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
Treasury Discount Securities												
9127953B5	11126	Treasury Bill		07/26/2011	10,000,000.00	9,999,800.00	9,999,850.00	0.060	9	0.061	3	08/04/2011
9127953B5	11127	Treasury Bill		07/26/2011	10,000,000.00	9,999,800.00	9,999,875.00	0.050	9	0.051	3	08/04/2011
Subtotal and Average			3,870,914.52		20,000,000.00	19,999,600.00	19,999,725.00		9	0.056	3	
Federal Agency Coupon												
31331GDC0	10877	Federal Farm Credit Bank		07/17/2009	5,000,000.00	5,034,550.00	5,253,302.16	3.600	819	1.299	74	10/14/2011
3133XV6K2	10903	Federal Home Loan Bank		10/14/2009	5,000,000.00	5,009,700.00	5,011,850.00	1.150	730	1.030	74	10/14/2011
31331JBL6	10921	Federal Farm Credit Bank		01/14/2010	5,000,000.00	5,019,650.00	5,003,900.00	1.100	728	1.060	164	01/12/2012
3133XWFP9	10930	Federal Home Loan Bank		02/04/2010	1,205,000.00	1,209,844.10	1,205,554.30	1.050	750	1.025	207	02/24/2012
3133XYGF7	10965	Federal Home Loan Bank		06/04/2010	5,000,000.00	5,018,950.00	5,011,150.00	1.000	634	0.866	211	02/28/2012
3133XWW47	11003	Federal Home Loan Bank		10/06/2010	2,000,000.00	2,009,480.00	2,021,720.00	1.125	520	0.360	221	03/09/2012
31398AH54	11028	Federal National Mort Assoc		12/09/2010	5,000,000.00	5,022,500.00	5,032,150.00	1.000	482	0.510	247	04/04/2012
31331GVL0	10860	Federal Farm Credit Bank		05/07/2009	5,000,000.00	5,058,950.00	5,000,000.00	1.875	1,096	1.875	280	05/07/2012
3133MNVV0	10814	Federal Home Loan Bank		01/16/2009	5,000,000.00	5,212,900.00	5,620,170.41	5.750	1,215	1.880	288	05/15/2012
3133XWKU5	10980	Federal Home Loan Bank		07/29/2010	5,000,000.00	5,043,600.00	5,058,750.00	1.375	680	0.737	312	06/08/2012
313374Z37	11121	Federal Home Loan Bank		07/25/2011	2,500,000.00	2,497,325.00	2,499,392.50	0.250	366	0.274	359	07/25/2012
3133XPP68	10946	Federal Home Loan Bank		03/26/2010	5,000,000.00	5,043,900.00	4,990,800.00	1.250	854	1.331	361	07/27/2012
3133.XWXJ3	10938	Federal Home Loan Bank		02/16/2010	4,000,000.00	4,035,400.00	4,000,000.00	1.250	895	1.250	364	07/30/2012
3133XWQ36	10999	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,525,225.00	2,539,400.00	1.375	669	0.514	364	07/30/2012
31398AYM8	10911	Federal National Mort Assoc		12/04/2009	5,000,000.00	5,070,950.00	5,066,400.00	1.750	980	1.245	375	08/10/2012
3133XUE41	10906	Federal Home Loan Bank		11/19/2009	5,000,000.00	5,073,200.00	5,056,600.00	1.750	1,007	1.337	387	08/22/2012
3134G1GQ1	10981	Fed Home Loan Mortgage Corp		08/13/2010	2,500,000.00	2,517,025.00	2,514,900.00	1.000	746	0.668	393	08/28/2012
3133XUK93	10890	Federal Home Loan Bank		08/19/2009	5,000,000.00	5,091,200.00	5,007,335.75	2.000	1,122	1.951	410	09/14/2012
3133XUK93	10995	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,545,600.00	2,571,200.00	2.000	715	0.534	410	09/14/2012
3134G1VG6	11001	Fed Home Loan Mortgage Corp		10/06/2010	3,000,000.00	3,009,300.00	3,006,600.00	0.625	755	0.509	456	10/30/2012
3136FPUC9	11015	Federal National Mort Assoc		11/23/2010	4,000,000.00	4,001,200.00	3,994,480.00	0.500	707	0.572	456	10/30/2012
3134G1WT7	11012	Fed Home Loan Mortgage Corp		11/16/2010	5,000,000.00	5,008,900.00	4,991,650.00	0.515	741	0.612	483	11/26/2012
3134G1WT7	11026	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,008,900.00	4,988,000.00	0.515	719	0.638	483	11/26/2012
31331KKR0	11084	Federal Farm Credit Bank		05/13/2011	2,500,000.00	2,500,200.00	2,499,750.00	0.530	609	0.536	529	01/11/2013
3133XW7L7	11007	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,064,000.00	4,092,600.00	1.500	804	0.441	534	01/16/2013
31331KAE0	11075	Federal Farm Credit Bank		01/19/2011	5,000,000.00	5,025,950.00	5,000,000.00	0.750	762	0.750	568	02/19/2013
31331JBV4	10929	Federal Farm Credit Bank		02/04/2010	2,500,000.00	2,547,775.00	2,502,800.00	1.750	1,113	1.709	570	02/21/2013
31359MQV8	10909	Federal National Mort Assoc		12/03/2009	5,000,000.00	5,333,400.00	5,496,750.00	4.750	1,176	1.570	570	02/21/2013
3133XWX87	10945	Federal Home Loan Bank		03/23/2010	2,000,000.00	2,039,860.00	2,003,100.00	1.750	1,081	1.696	585	03/08/2013
31331KNE6	11111	Federal Farm Credit Bank		06/23/2011	5,000,000.00	4,998,900.00	4,999,416.67	0.480	629	0.493	590	03/13/2013
31331GVD8	11085	Federal Farm Credit Bank		05/13/2011	2,000,000.00	2,058,960.00	2,065,457.78	2.200	696	0.581	616	04/08/2013

Portfolio INVT
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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
July 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
Federal Agency Coupon												
3137EACJ6	11095	Fed Home Loan Mortgage Corp		05/20/2011	3,000,000.00	3,060,690.00	3,066,839.58	1.625	696	0.530	623	04/15/2013
3134G13K8	11059	Fed Home Loan Mortgage Corp		02/25/2011	5,000,000.00	5,001,900.00	4,997,638.89	1.000	819	1.023	662	05/24/2013
3133XR5U0	10901	Federal Home Loan Bank		10/02/2009	5,000,000.00	5,301,200.00	5,312,250.00	3.750	1,351	1.990	683	06/14/2013
3133XYHDO	10962	Federal Home Loan Bank		05/28/2010	5,000,000.00	5,109,375.00	4,995,200.00	1.625	1,113	1.657	683	06/14/2013
3134G1US1	10994	Fed Home Loan Mortgage Corp		09/27/2010	5,000,000.00	5,005,300.00	5,000,000.00	1.000	1,004	1.000	696	06/27/2013
313371AR7	10996	Federal Home Loan Bank		10/01/2010	2,500,000.00	2,514,000.00	2,501,475.00	0.750	1,001	0.730	697	06/28/2013
31331KQK9	11123	Federal Farm Credit Bank		07/22/2011	5,000,000.00	4,993,700.00	5,004,195.83	0.570	714	0.541	704	07/05/2013
3134G2BB7	11078	Fed Home Loan Mortgage Corp		04/05/2011	5,000,000.00	5,012,300.00	4,988,700.00	1.000	822	1.102	704	07/05/2013
31331KSF8	11114	Federal Farm Credit Bank		07/25/2011	4,000,000.00	3,993,880.00	4,000,000.00	0.550	731	0.550	724	07/25/2013
3134G2SQ6	11118	Fed Home Loan Mortgage Corp		07/26/2011	4,000,000.00	3,993,560.00	4,000,000.00	0.400	731	0.400	725	07/26/2013
3136FJ4C2	10924	Federal National Mort Assoc		02/23/2010	5,000,000.00	5,039,100.00	5,000,000.00	2.000	1,277	2.000	753	08/23/2013
313372H64	11049	Federal Home Loan Bank		01/28/2011	2,200,000.00	2,222,528.00	2,200,000.00	1.000	943	1.000	758	08/28/2013
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,132,870.00	3,076,230.00	2.625	1,288	1.876	774	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,525,300.00	2,502,850.00	1.000	1,127	0.962	774	09/13/2013
3133747F1	11110	Federal Home Loan Bank		06/27/2011	5,000,000.00	5,002,650.00	5,000,000.00	0.700	823	0.700	788	09/27/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,012,660.00	2,005,360.00	0.875	1,118	0.787	819	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,025,320.00	4,007,200.00	0.875	1,077	0.814	819	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,031,650.00	4,988,000.00	0.875	1,055	0.957	819	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,172,950.00	5,134,550.00	2.100	1,035	1.132	847	11/25/2013
3134G2HU9	11102	Fed Home Loan Mortgage Corp		06/09/2011	2,500,000.00	2,504,550.00	2,503,000.00	1.000	914	0.951	861	12/09/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,522,925.00	2,500,000.00	1.125	1,187	1.125	869	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,522,200.00	2,500,650.00	1.000	1,218	0.992	879	12/27/2013
3136FP3T2	11040	Federal National Mort Assoc		01/27/2011	5,000,000.00	5,001,300.00	5,000,000.00	0.750	1,096	0.750	910	01/27/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,261,500.00	5,092,600.00	2.750	1,506	2.276	919	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,540,850.00	2,500,000.00	1.375	1,096	1.375	924	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,233,240.00	4,117,520.00	3.000	1,461	2.228	926	02/12/2014
3135GOAS2	11050	Federal National Mort Assoc		02/25/2011	2,500,000.00	2,501,675.00	2,498,125.00	1.500	1,096	1.526	939	02/25/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,091,600.00	5,000,000.00	1.400	1,093	1.400	942	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,160,410.00	3,175,080.00	2.750	1,208	0.952	955	03/13/2014
3136FREA7	11069	Federal National Mort Assoc		03/21/2011	5,000,000.00	5,005,468.50	5,000,000.00	0.875	1,096	0.875	963	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,079,200.00	5,046,687.50	1.350	1,075	1.054	1,002	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,039,700.00	5,013,968.06	1.150	1,089	1.062	1,015	05/12/2014
3134G2GQ9	11081	Fed Home Loan Mortgage Corp		05/23/2011	5,000,000.00	5,012,350.00	5,000,000.00	1.350	1,096	1.350	1,026	05/23/2014
3134G2HP0	11089	Fed Home Loan Mortgage Corp		06/02/2011	2,500,000.00	2,505,950.00	2,500,000.00	1.300	1,096	1.300	1,036	06/02/2014
3134G2JY5	11099	Fed Home Loan Mortgage Corp		06/06/2011	2,500,000.00	2,511,450.00	2,500,000.00	1.250	1,096	1.250	1,040	06/06/2014
313373WB4	11091	Federal Home Loan Bank		06/09/2011	2,500,000.00	2,501,600.00	2,500,000.00	0.700	1,096	0.700	1,043	06/09/2014

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
July 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
Federal Agency Coupon												
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,198,160.00	4,237,120.00	2.500	1,317	0.829	1,047	06/13/2014
3136FRQJ5	11103	Federal National Mort Assoc		06/20/2011	5,000,000.00	5,021,550.00	5,000,000.00	1.170	1,096	1.170	1,054	06/20/2014
313371YA8	11018	Federal Home Loan Bank		12/27/2010	2,500,000.00	2,506,675.00	2,500,000.00	1.200	1,278	1.200	1,061	06/27/2014
3136FRTW3	11109	Federal National Mort Assoc		08/30/2011	5,000,000.00	5,010,250.00	5,000,000.00	1.100	1,096	1.100	1,064	06/30/2014
3636FRD59	11124	Federal National Mort Assoc		07/25/2011	5,000,000.00	4,994,850.00	5,000,000.00	1.125	1,096	1.125	1,089	07/25/2014
3136FP4G9	11045	Federal National Mort Assoc		01/27/2011	10,000,000.00	10,013,100.00	10,000,000.00	1.000	1,277	1.000	1,091	07/27/2014
3134G2SU7	11115	Fed Home Loan Mortgage Corp		07/28/2011	4,000,000.00	3,993,200.00	4,000,000.00	0.750	1,096	0.750	1,092	07/28/2014
3134G2GE6	11083	Fed Home Loan Mortgage Corp		05/25/2011	5,000,000.00	5,014,600.00	5,000,000.00	1.500	1,188	1.500	1,120	08/25/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,001,440.00	3,998,017.22	0.875	1,136	0.890	1,123	08/28/2014
3134G2JZ6	11100	Fed Home Loan Mortgage Corp		06/15/2011	2,500,000.00	2,507,225.00	2,500,000.00	1.450	1,188	1.450	1,141	09/15/2014
313371YB6	11022	Federal Home Loan Bank		12/23/2010	2,500,000.00	2,507,850.00	2,500,000.00	1.300	1,370	1.300	1,149	09/23/2014
3134G2CB6	11074	Fed Home Loan Mortgage Corp		04/06/2011	5,000,000.00	5,011,350.00	5,000,000.00	1.650	1,279	1.850	1,162	10/06/2014
3136FRMX8	11088	Federal National Mort Assoc		05/24/2011	2,500,000.00	2,515,750.00	2,500,000.00	1.520	1,280	1.520	1,211	11/24/2014
313370RB6	10985	Federal Home Loan Bank		08/26/2010	4,000,000.00	4,001,520.00	4,000,000.00	1.000	1,553	1.000	1,213	11/26/2014
3134G2JN3	11093	Fed Home Loan Mortgage Corp		06/09/2011	2,500,000.00	2,502,734.25	2,500,000.00	1.625	1,279	1.625	1,226	12/09/2014
3134G2AK8	11070	Fed Home Loan Mortgage Corp		03/30/2011	5,000,000.00	5,037,450.00	5,000,000.00	2.020	1,371	2.020	1,247	12/30/2014
3134G2TJ1	11120	Fed Home Loan Mortgage Corp		07/26/2011	4,000,000.00	4,000,920.00	4,000,000.00	1.270	1,280	1.270	1,274	01/26/2015
3134G2TJ1	11122	Fed Home Loan Mortgage Corp		07/26/2011	5,000,000.00	5,001,150.00	5,000,000.00	1.270	1,280	1.270	1,274	01/26/2015
3136FRCZ4	11061	Federal National Mort Assoc		03/23/2011	5,000,000.00	5,014,750.00	5,000,000.00	2.200	1,461	2.200	1,330	03/23/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,541,200.00	2,501,250.00	1.600	1,461	1.587	1,386	05/18/2015
3136FRKZ5	11082	Federal National Mort Assoc		05/18/2011	5,000,000.00	5,013,500.00	5,000,000.00	0.850	1,461	0.850	1,386	05/18/2015
3136FRRB1	11108	Federal National Mort Assoc		06/22/2011	10,000,000.00	10,046,800.00	10,000,000.00	1.550	1,461	1.550	1,421	06/22/2015
3136FRE41	11119	Federal National Mort Assoc		07/27/2011	4,000,000.00	4,021,720.00	4,000,000.00	1.550	1,461	1.550	1,456	07/27/2015
3136FRE41	11125	Federal National Mort Assoc		07/27/2011	5,000,000.00	5,027,150.00	5,000,000.00	1.550	1,461	1.550	1,456	07/27/2015
313370RQ3	10984	Federal Home Loan Bank		09/10/2010	4,000,000.00	4,000,400.00	4,000,000.00	1.850	1,826	1.850	1,501	09/10/2015
3136FPKK2	10991	Federal National Mort Assoc		09/28/2010	5,000,000.00	5,015,000.00	5,000,000.00	1.000	1,826	1.000	1,519	09/28/2015
3136FPQC4	10998	Federal National Mort Assoc		10/15/2010	5,000,000.00	5,012,900.00	5,000,000.00	1.250	1,826	1.250	1,536	10/15/2015
3134G1WL4	11000	Fed Home Loan Mortgage Corp		10/26/2010	3,000,000.00	3,005,520.00	3,000,000.00	1.000	1,826	1.000	1,547	10/26/2015
313371N93	11010	Federal Home Loan Bank		11/23/2010	4,000,000.00	4,000,360.00	4,000,000.00	1.700	1,826	1.700	1,575	11/23/2015
313371KF2	11009	Federal Home Loan Bank		11/24/2010	4,000,000.00	4,002,680.00	4,000,000.00	1.050	1,826	1.050	1,576	11/24/2015
3136FPB22	11013	Federal National Mort Assoc		11/30/2010	2,500,000.00	2,513,725.00	2,500,000.00	2.000	1,826	2.000	1,582	11/30/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,028,400.00	2,000,000.00	1.740	1,826	1.740	1,589	12/07/2015
31331KFK1	11073	Federal Farm Credit Bank		03/24/2011	1,155,000.00	1,177,811.25	1,153,845.00	2.440	1,827	2.461	1,697	03/24/2016
3134G2GY2	11087	Fed Home Loan Mortgage Corp		05/26/2011	2,500,000.00	2,500,950.00	2,500,000.00	1.050	1,827	1.050	1,760	05/26/2016
313373WE8	11101	Federal Home Loan Bank		06/15/2011	5,000,000.00	5,005,000.00	5,000,000.00	1.000	1,827	1.000	1,780	06/15/2016
3136FRTD5	11112	Federal National Mort Assoc		06/30/2011	5,000,000.00	5,010,500.00	5,000,000.00	1.500	1,827	1.500	1,795	06/30/2016

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
July 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
Federal Agency Coupon												
3134G2SS2	11113	Fed Home Loan Mortgage Corp		07/27/2011	4,000,000.00	3,998,240.00	4,000,000.00	1.750	1,827	1.750	1,822	07/27/2016
Subtotal and Average			396,457,831.95		417,560,000.00	421,560,576.10	420,723,531.65		1,139	1.189	889	
Federal Agency Discount												
313396KU6	11047	Fed Home Loan Mortgage Corp		01/25/2011	3,000,000.00	2,999,940.00	2,996,500.00	0.200	210	0.205	22	08/23/2011
313396LY7	11052	Fed Home Loan Mortgage Corp		02/04/2011	5,000,000.00	4,999,250.00	4,993,666.67	0.200	228	0.205	50	09/20/2011
313384PV5	11021	Federal Home Loan Bank		11/30/2010	5,000,000.00	4,997,850.00	4,984,875.00	0.300	363	0.309	119	11/28/2011
Subtotal and Average			34,654,297.38		13,000,000.00	12,997,040.00	12,975,041.67		276	0.245	70	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			46,588,893.16	46,588,893.16	46,588,893.16	0.381	1	0.381	1	
Subtotal and Average			46,563,893.81		46,588,893.16	46,588,893.16	46,588,893.16		1	0.381	1	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	17,319,527.59	17,319,527.59	17,319,527.59	0.010	1	0.010	1	
Subtotal and Average			36,792,940.57		17,319,527.59	17,319,527.59	17,319,527.59		1	0.010	1	
Local Agency Investment Funds - RDA												
SYS10092	10092	LAIF - RDA		03/17/2009	35,121.05	35,121.05	35,121.05	0.381	1	0.381	1	
Subtotal and Average			35,105.14		35,121.05	35,121.05	35,121.05		1	0.381	1	
Corporate Bonds												
17314JAN3	10887	Citigroup		08/07/2009	5,000,000.00	5,001,500.00	4,991,600.00	1.375	733	1.460	9	08/10/2011
61757UAF7	10878	Morgan Stanley		07/21/2009	5,000,000.00	5,013,000.00	5,090,200.00	2.000	793	1.155	52	09/22/2011
86801BAB1	10798	Suntrust Bank		12/29/2008	5,000,000.00	5,040,350.00	5,153,450.00	3.000	1,052	1.900	107	11/16/2011
949744AA4	10790	Wells Fargo Bank		12/10/2008	5,000,000.00	5,049,950.00	4,994,150.00	3.000	1,094	3.041	130	12/09/2011
4042EPAA5	10823	HSBC		02/06/2009	5,000,000.00	5,054,600.00	5,151,350.00	3.125	1,043	2.030	137	12/16/2011
9116OHAA5	10842	US Bank		03/13/2009	5,000,000.00	5,062,900.00	4,999,400.00	2.250	1,096	2.254	225	03/13/2012
17314AAF9	11116	Citigroup		07/19/2011	4,000,000.00	4,049,840.00	4,074,262.22	2.000	255	0.203	242	03/30/2012
06050BAA9	10808	Bank of America		01/20/2009	5,000,000.00	5,122,700.00	5,199,100.00	3.125	1,242	1.913	319	06/15/2012
38146FAA9	10816	Goldman Sachs		01/26/2009	5,000,000.00	5,126,900.00	5,206,850.00	3.250	1,236	1.984	319	06/15/2012
61757UAH3	10846	Morgan Stanley		04/13/2009	5,000,000.00	5,074,100.00	4,998,450.00	1.950	1,164	1.960	324	06/20/2012
17313YAG6	10895	Citigroup		08/28/2009	2,000,000.00	2,035,240.00	2,015,520.00	2.125	1,049	1.844	346	07/12/2012
17313YAL5	10899	Citigroup		10/05/2009	3,000,000.00	3,056,430.00	3,011,940.00	1.875	1,113	1.741	448	10/22/2012
481247AM6	10847	JP Morgan Chase		04/13/2009	5,000,000.00	5,121,150.00	4,993,850.00	2.125	1,353	2.160	513	12/26/2012

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity
Subtotal and Average			61,563,918.35		59,000,000.00	59,808,660.00	59,880,122.22		1,025	1.846	232
Total and Average			579,938,901.71		573,503,541.80	578,309,417.90	577,521,962.34		943	1.096	673

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

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Treasury Discount Securities							
9127953B5	11126	Treasury Bill	0.060	07/26/2011	9,999,850.00	0.00	
9127953B5	11127	Treasury Bill	0.050	07/26/2011	9,999,875.00	0.00	
Subtotal					19,999,725.00	0.00	19,999,725.00
Federal Agency Coupon							
31331KSF8	11114	Federal Farm Credit Bank	0.550	07/25/2011	4,000,000.00	0.00	
31331KQK9	11123	Federal Farm Credit Bank	0.570	07/22/2011	5,002,850.00	0.00	
3133TXH4	10894	Federal Home Loan Bank	1.625	07/27/2011	0.00	4,028,360.00	
313373WV0	11092	Federal Home Loan Bank	1.100	07/06/2011	0.00	5,000,000.00	
313374Z37	11121	Federal Home Loan Bank	0.250	07/25/2011	2,499,392.50	0.00	
3134G1JG0	10973	Fed Home Loan Mortgage Corp	2.250	07/08/2011	0.00	5,000,000.00	
3134G1U28	11035	Fed Home Loan Mortgage Corp	1.250	07/25/2011	0.00	2,500,000.00	
3134G1T53	11036	Fed Home Loan Mortgage Corp	2.150	07/28/2011	0.00	2,000,000.00	
3134G1P99	11077	Fed Home Loan Mortgage Corp	2.750	07/13/2011	0.00	5,026,909.72	
3134G2SS2	11113	Fed Home Loan Mortgage Corp	1.750	07/27/2011	4,000,000.00	0.00	
3134G2SU7	11115	Fed Home Loan Mortgage Corp	0.750	07/28/2011	4,000,000.00	0.00	
3134G2SQ6	11118	Fed Home Loan Mortgage Corp	0.400	07/26/2011	4,000,000.00	0.00	
3134G2TJ1	11120	Fed Home Loan Mortgage Corp	1.270	07/26/2011	4,000,000.00	0.00	
3134G2TJ1	11122	Fed Home Loan Mortgage Corp	1.270	07/26/2011	5,000,000.00	0.00	
3136FM3T9	10977	Federal National Mort Assoc	1.550	07/28/2011	0.00	2,500,000.00	
3136FRCD3	11053	Federal National Mort Assoc	1.500	07/01/2011	0.00	5,000,000.00	
3135G0AB9	11076	Federal National Mort Assoc	1.750	07/14/2011	0.00	5,018,472.22	
3135G0BY8	11117	Federal National Mort Assoc	0.875	07/19/2011	3,997,920.00	0.00	
3136FRE41	11119	Federal National Mort Assoc	1.550	07/27/2011	4,000,000.00	0.00	
3636FRD59	11124	Federal National Mort Assoc	1.125	07/25/2011	5,000,000.00	0.00	
3136FRE41	11125	Federal National Mort Assoc	1.550	07/27/2011	5,000,000.00	0.00	
Subtotal					50,500,162.50	36,073,741.94	420,723,605.26
Federal Agency Discount							
313384JT7	11060	Federal Home Loan Bank	0.130	07/29/2011	0.00	4,997,273.61	
313384JD2	11104	Federal Home Loan Bank	0.060	07/15/2011	0.00	15,823,707.63	
313396JK0	11105	Fed Home Loan Mortgage Corp	0.060	07/21/2011	0.00	4,699,569.17	
313396JR5	11107	Fed Home Loan Mortgage Corp	0.060	07/27/2011	0.00	8,331,152.91	
Subtotal					0.00	33,851,703.32	12,975,041.67

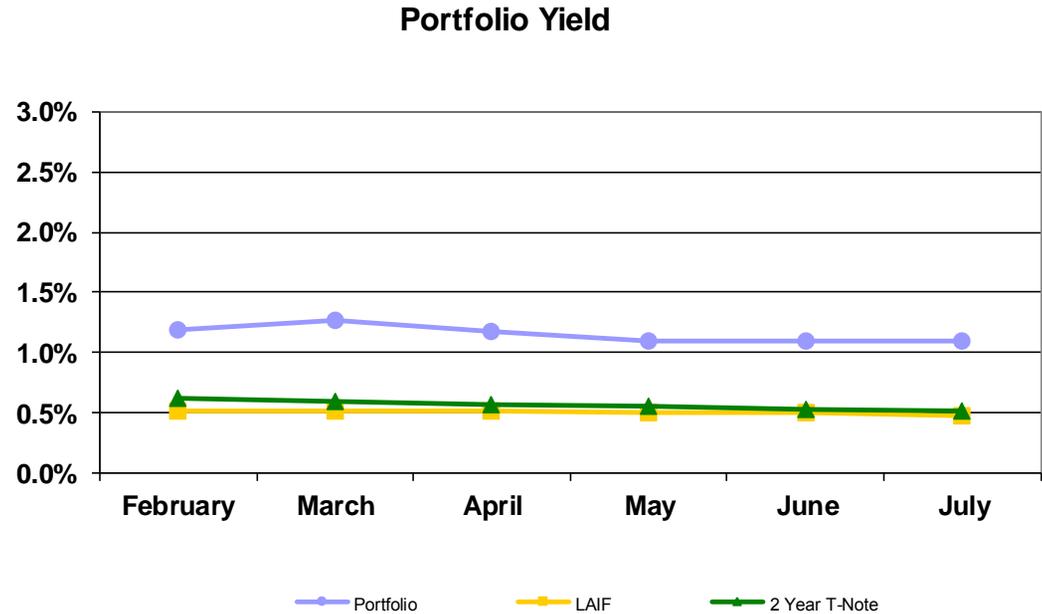
Local Agency Investment Funds (Monthly Summary)

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

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Local Agency Investment Funds (Monthly Summary)							
SYS10090	10090	Local Agency Investment Fund	0.381		55,355.70	0.00	
		Subtotal			55,355.70	0.00	46,588,893.16
Columbia Money Market Fund (Monthly Summary)							
SYS10091	10091	Columbia Money Market Reserves	0.010		84,787,826.78	96,547,557.34	
		Subtotal			84,787,826.78	96,547,557.34	17,319,527.59
Local Agency Investment Funds - RDA (Monthly Summary)							
SYS10092	10092	LAIF - RDA	0.381		35.24	0.00	
		Subtotal			35.24	0.00	35,121.05
Corporate Bonds							
17314JAK9	10886	Citigroup	1.500	07/12/2011	0.00	5,010,400.00	
17314AAF9	11116	Citigroup	2.000	07/19/2011	4,050,040.00	0.00	
38146FAF8	10888	Goldman Sachs	1.625	07/15/2011	0.00	5,030,000.00	
		Subtotal			4,050,040.00	10,040,400.00	59,880,122.22
		Total			159,393,145.22	176,513,402.60	577,522,035.95

Portfolio Yield

The portfolio yield-to-maturity was 1.10% as of July 31, 2011, unchanged from June, but down thirty-three (33) basis points from July 2010. The extended record low interest rate environment continues to affect portfolio returns. This month's yield is three hundred ninety (390) basis points below the most recent high mark of 5.1% in September 2007 and continues near 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 fell in July and are again approaching the record lows from last year. The month-end two year CMT, fell nine (9) basis points in July and has dropped forty-four basis points in the last four months. The July rate was just two (2) basis points above the all-time low of October 2010. The twelve month moving average of the CMT was one (1) basis point lower in July and is four hundred twenty-two (422) basis points off its February 2007 high. Rates are now expected to remain relatively low into 2013. LAIF rates also continue to reflect the low interest rate environment. The twelve month moving average LAIF yield dropped two (2) basis points in July to 0.48%, and has not shown a monthly increase in over forty months. The monthly LAIF yield for July was 0.38%, down up ten basis points from June, a new all-time low.

The Federal Open Market Committee (Fed) did not meet in July so the target Fed Funds rate remained unchanged at a range of 0% to 0.25%. The Fed has reduced its forecast for economic growth and increased its forecast for unemployment for 2011 and 2012. Based on this, the Fed policy statements have indicated that they intend to keep rates at low levels for an extended time period. While certain sectors of the economy showed positive signs in July, other signs of weakness continue to appear and concerns regarding the long term health of the economy continue. GDP in the second quarter of 2011 increased just 1%

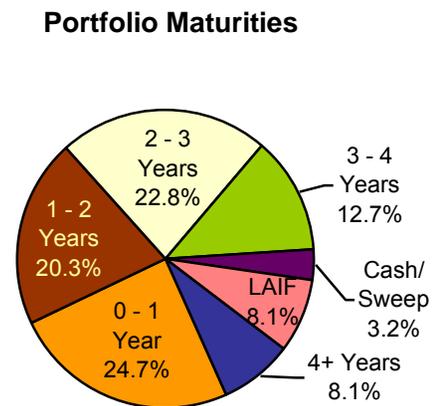
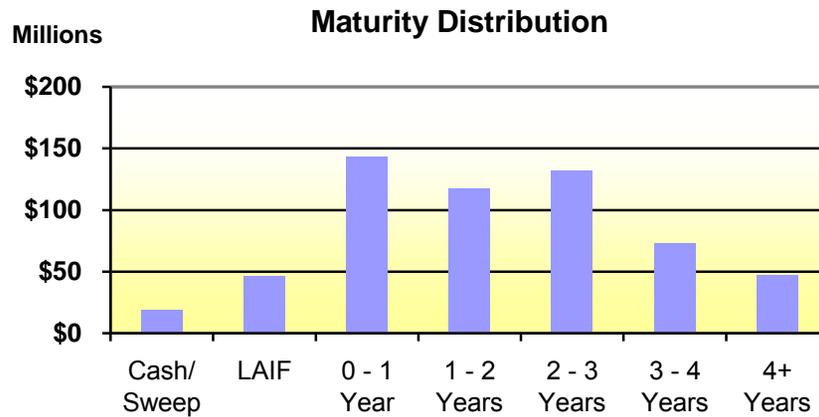
after an anemic 0.4% increase in the first quarter. A recent Bloomberg survey of economists predicted only a 1.7% growth rate for all of 2011, and some economists are now predicting another recession. The housing market continued weak as prices showed year over year decreases, foreclosures remained at high levels and more analysts are beginning to project a “double dip” in the housing market. Persistent unemployment continues to dampen economic growth. The July unemployment rate was 9.1%, unchanged from June, and job creation remains weak. Rising prices for certain commodities could dampen future economic growth. The stock market also suffered in July for the second month in a row as the Dow Jones Industrial Average decreased 3% during the month. Concerns about economies in certain European countries also continue.

The City’s portfolio yield-to-maturity has decreased significantly over the last four 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 some 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 July were \$0.4 million, a 12.5% decrease from July 2010.

Maturity Distribution

The weighted average days to maturity as of July 31, 2011 is 673 days (1.85 years), thirty-two days more than the prior month. 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. Investments continue to be made primarily in maturities of three years or less as rates are not expected



to begin a period of significant increase until a number of months in the future. However, since most of the bonds being called have longer maturities, some bonds of longer maturities are being purchased to replace the called bonds and maintain appropriate diversification in the portfolio.

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 July 31, 2011, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$	578,309,417.90
Book Value (purchase price)		577,521,962.34
		787,455.56
Unrealized Gain/(Loss)	\$	787,455.56

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 \$31.5 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 July 31, 2011 is 0.27%. On July 31, 2011, the portfolio showed an unrealized loss of \$50,800. The weighted average days-to-maturity was 33 days. Most investments are being held in very short maturity/low yield investments.

RDA Credit Line Proceeds

In March, the Santa Monica Redevelopment Agency established a \$60 million term loan with Wells Fargo Bank to be used to finance certain capital projects. The credit line was drawn down in its entirety with funds transferred to a new custodial account with Union Bank. The funds have been invested to match cash flow requirements of eligible capital projects. As of July 31, \$51.9 million is invested in Federal agency securities with the remainder invested in a money market mutual fund. The month-end yield to maturity was 0.49%. The weighted average days to maturity was 398 days. The month-end unrealized loss was \$289.09.

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 July 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
July 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
Money Market Sweep Fund												
SYS1	1	Blackrock Institutional Funds-		12/19/2006	25,458,433.94	25,458,433.94	25,458,433.94	0.010	0.010	0.010	1	
Subtotal and Average			23,324,155.98		25,458,433.94	25,458,433.94	25,458,433.94		0.010	0.010	1	
Federal Agency Coupon Securities												
3133XT2T2	57	Federal Home Loan Bank		07/17/2009	5,000,000.00	5,050,800.00	5,087,600.00	2.250	1.529	1.550	193	02/10/2012
Subtotal and Average			7,554,009.35		5,000,000.00	5,050,800.00	5,087,600.00		1.529	1.550	193	
Total and Average			30,878,165.33		30,458,433.94	30,509,233.94	30,546,033.94		0.263	0.267	33	

**Santa Monica Custodial 2011
Portfolio Management
Portfolio Details - Investments
July 31, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Money Market Sweep Account												
SYS2000	2000	Blackrock Institutional Funds		03/24/2011	8,210,575.89	8,210,575.89	8,210,575.89	0.010		0.010	1	
Subtotal and Average			5,403,734.32		8,210,575.89	8,210,575.89	8,210,575.89			0.010	1	
Federal Agency Coupon Securities												
313373BP6	2007	Federal Home Loan Bank		04/11/2011	8,300,000.00	8,300,581.00	8,298,174.00	0.300		0.320	273	04/30/2012
31398AT77	2006	Federal National Mortgage Asso		04/01/2011	12,700,000.00	12,796,520.00	12,810,236.00	1.125		0.470	364	07/30/2012
3136FPUC9	2002	Federal National Mortgage Asso		03/31/2011	8,400,000.00	8,402,520.00	8,377,824.00	0.500		0.668	456	10/30/2012
31398AME9	2010	Federal National Mortgage Asso		05/05/2011	6,500,000.00	6,835,595.00	6,887,660.00	4.000		0.533	546	01/28/2013
3137EACJ6	2003	Federal Home Loan Mortgage Cor		03/31/2011	6,900,000.00	7,039,587.00	7,004,328.00	1.625		0.874	623	04/15/2013
31398ASD5	2008	Federal National Mortgage Asso		05/05/2011	4,100,000.00	4,373,511.00	4,382,490.00	3.875		0.694	711	07/12/2013
31398A4S8	2009	Federal National Mortgage Asso		05/05/2011	1,900,000.00	1,917,442.00	1,907,408.42	1.050		0.905	813	10/22/2013
Subtotal and Average			51,882,270.74		48,800,000.00	49,665,756.00	49,668,120.42			0.580	474	
Federal Agency Disc. -At Cost												
313396RY1	2004	Federal Home Loan Mortgage Cor		04/01/2011	2,200,000.00	2,198,328.00	2,196,252.67	0.210		0.217	170	01/18/2012
Subtotal and Average			2,747,663.32		2,200,000.00	2,198,328.00	2,196,252.67			0.217	170	
Total and Average			60,033,668.38		59,210,575.89	60,074,659.89	60,074,948.98			0.489	398	

Portfolio Allocation as of 7/31/11

	Pooled Portfolio	SM Water Treatment Facility Account (1)	Total Portfolio (2) (4)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
Federal Agency Securities						
Federal Home Loan Bank	\$132,634,822.96	\$5,087,600.00	\$137,722,422.96	23.4%	50.0%	Yes
Federal National Mortgage Association	125,853,602.22	0.00	125,853,602.22	21.4%	50.0%	Yes
Federal Home Loan Mortgage Corporation	116,594,742.64	0.00	116,594,742.64	19.8%	50.0%	Yes
Federal Farm Credit Bank	58,615,405.50	0.00	58,615,405.50	9.9%	50.0%	Yes
Total Federal Agency Securities	\$433,698,573.32	5,087,600.00	438,786,173.32	74.5%	n/a	Yes
Treasury Bills	\$19,999,725.00					
Corporate Bonds						
Corporate Bonds - TGLP (FDIC Insured)	\$59,880,122.22	\$0.00	59,880,122.22			
Corporate Bonds - Other	\$0.00		0.00			
Total Corporate Bonds	\$59,880,122.22	\$0.00	\$59,880,122.22	10.2%	30.0%	Yes
Money Market Mutual Funds						
Columbia Money Market Reserves Advisor Class	17,319,527.59		17,319,527.59	2.9%	10.0%	Yes
BlackrockT-Find Cash Management Sweep		25,458,433.94	25,458,433.94	4.3%	10.0%	Yes
Total-Money Market Mutual Funds	\$17,319,527.59	\$25,458,433.94	\$42,777,961.53	7.3%	20.0%	Yes
State Local Agency Investment Fund-City	\$46,588,893.16		\$46,588,893.16	7.9%	\$50 million	Yes
State Local Agency Investment Fund-RDA	\$35,121.05		\$35,121.05	0.0%	\$50 million	Yes
Cash (3)	1,267,011.78		1,267,011.78	0.2%	None	Yes
Total (Book Value)	\$578,788,974.12	\$30,546,033.94	\$589,335,283.06	100.00%		

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 (\$2,825,111.16)
- (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	
Best Quality	AAA	Aaa	Yes
	AA+	Aa1	Yes
High Quality	AA	Aa2	Yes
	AA-	Aa3	Yes
	A+	A1	Yes
Upper Medium Grade	A	A2	Yes
	A-	A3	Yes
	BBB+	Baa1	No
Medium Grade	BBB	Baa2	No
	BBB-	Baa3	No

City Portfolio as of 7/31/11 (Book Value)

Security	Pooled Portfolio	MTBE Custodial Account	SM Water Treatment Facility Account	Total Portfolio	Credit Rating*	In Compliance (Yes/No)
Corporate - TLGP (FDIC Guaranteed)						
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
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 2% (TLGP) maturing 3/30/12	\$4,074,262.22			\$4,074,262.22	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.

Gigi Decavalles-Hughes, Acting Director of Finance/City Treasurer