



Information Item

Date: December 27, 2011

To: Mayor and City Council
From: Gigi Decavalles-Hughes, Acting Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for September 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 September 30, 2011.

Discussion

The September 2011 Investment Report highlights changes from August. The value of cash and investments held in the pooled portfolio increased by \$1.3 million in September to \$588.9 million. The pooled portfolio yield-to-maturity of 1.08% was two basis points more than in August, but twenty-five basis points lower than one year earlier. Investment earnings for the month were \$0.5 million. Fiscal year-to-date earnings are up 15.6% from the same period last year. The increase is mostly due to the timing of receipts. Current projections are that FY 2011-12 interest earnings (exclusive of year-end adjustments) will be similar to FY 2010-11 results.

In addition to the pooled portfolio, the City's total cash holdings as of September 30, 2011 included \$25.8 million in Charnock settlement-related funds held in an escrow account at Union Bank, \$109 million in debt proceeds held in trust with fiscal agents, \$11 million in other funds held in trust, and \$57,222 in petty cash/change funds for a total balance of \$734.7 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 September 30, the market value of the City's portfolio was about \$0.3 million greater than the book value.

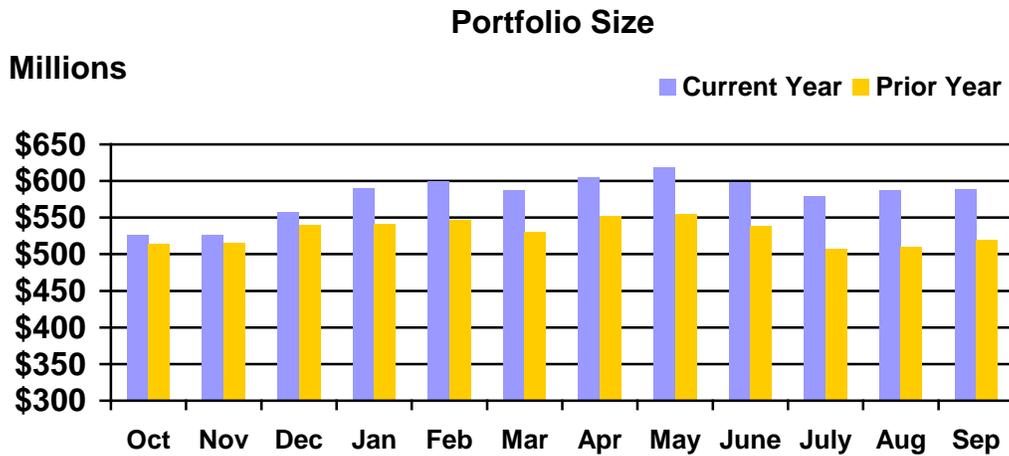
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of September 30, 2011.

Prepared by: David Carr, Treasury Administrator

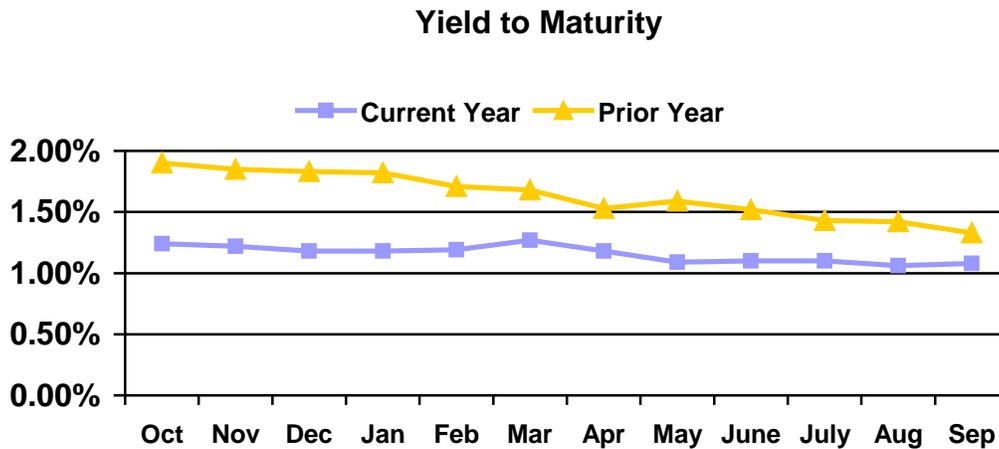
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

September 30, 2011

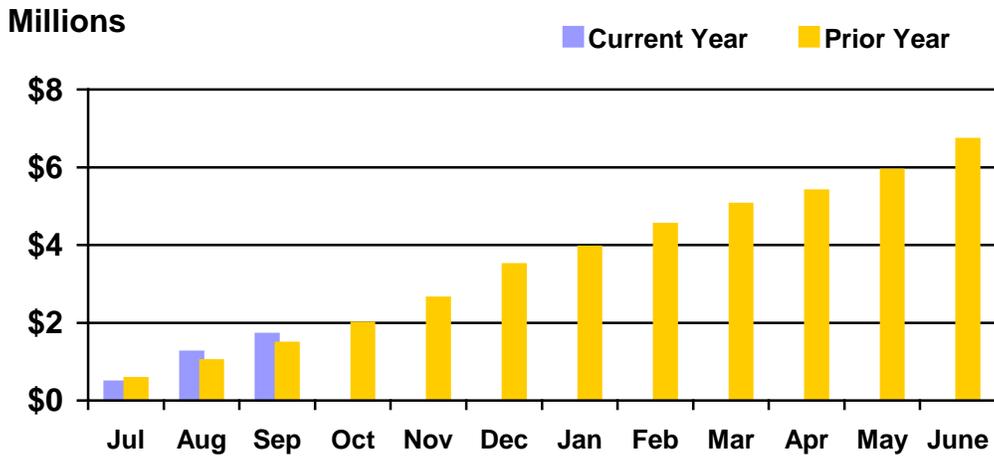


- As of September 30, the portfolio size is \$588.9 million, \$1.3 million higher than in August and \$69.7 million greater than in September 2010.



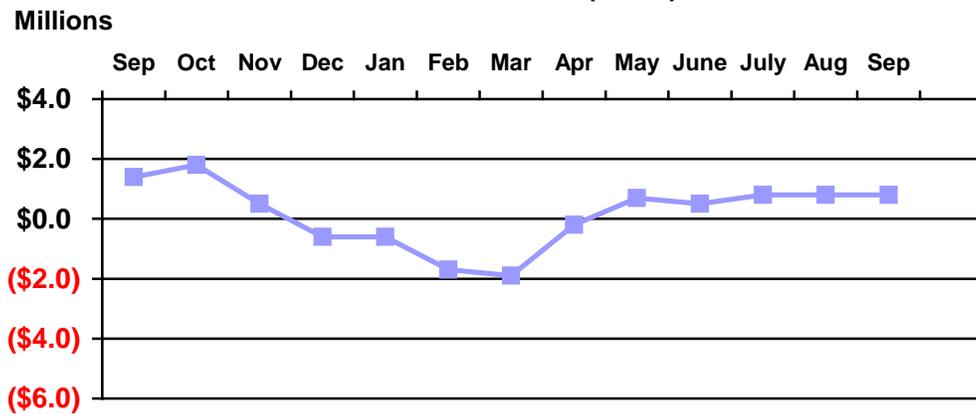
- As of September 30 yield to maturity is 1.08%.
- Increase of two basis points from August, but decrease of twenty-five basis points from one year earlier.

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



- September fiscal year-to-date earnings were 15.6% greater than for the same period one year earlier.

Unrealized Gain/(Loss)



- The unrealized gain of \$0.3 million reported as of September 30, 2011 is the difference between market value and the unamortized book value (purchase price).



Investment Report

September 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 September 30, 2011**

Petty Cash/Change Funds	\$57,222.00
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Pooled Portfolio

Bank of America (1)		
General Account	\$880,844.99	
Columbia Money Market Sweep Account	\$7,946,244.67	
Total Bank of America	\$8,827,089.66	
Bank of New York (BNY)		
Corporate Bonds - FDIC Insured	\$49,774,100.00	
Federal Agencies Securities	\$483,687,597.47	
Treasury Bills	\$0.00	
Total Bank of New York	\$533,461,697.47	
State of California Local Agency Investment Fund - RDA	\$0.00	
State of California Local Agency Investment Fund - City	\$46,588,893.16	
Total Pooled Portfolio	\$588,877,680.29	

Restricted Cash/Investments Held in Trust/Debt Proceeds

Union Bank - Redevelopment Agency Term Loan	\$60,146,390.47	
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$23.18	
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	\$1,179,410.36	
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	\$2,827,006.22	
Union Bank-RDA 2011 Tax Allocation Bonds	\$40,995,331.28	
Total Restricted Cash/Investments Held in Trust	\$108,968,954.95	

Charnock Settlement Funds

Union Bank (December 2006 Settlement)		
Money Market Funds	\$20,686,332.33	
Federal Agencies Securities	\$5,087,600.00	
Corporate Bonds	\$0.00	
Total Union Bank (December 2006 Settlement)	\$25,773,932.33	
Total Charnock Settlement Funds	\$25,773,932.33	

Other Restricted Funds/Funds Held in Trust

Cemetery Perpetual Care Fund (3)	\$7,475,480.00	
Mausoleum Perpetual Care Fund (3)	\$811,923.00	
HUD Depository Account (4)	\$2,668,414.58	
Public Agency Family Self Sufficiency Program (2)	\$84,955.55	
Total Other Funds Held in Trust	\$11,040,773.13	

GRAND TOTAL	\$734,718,562.70
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City of Santa Monica
Report of Public Monies Held by the City Treasurer
As of September 30, 2011

- (1) This is the actual bank account balance as of 9/30/11. 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*
September 30, 2011**

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

Cash and Investments - August 31, 2011	587,582,478.72
Receipts	41,648,582.52
Disbursements	(40,353,380.95)
Cash and Investments - September 30, 2011	\$588,877,680.29

* 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 September 30, 2011, total City cash and investments were \$734.7 million, a \$5 million decrease from August. The decrease primarily reflects the drawdown of \$4.8 million in Charnock settlement funds to pay for project expenditures. Total cash and investments are categorized as follows:

Petty Cash	\$	57,222.00
Pooled Investment Portfolio	\$	588,877,680.29
Restricted Cash/Investment Held in Trust	\$	108,968,954.95
Charnock Settlement Funds	\$	25,773,932.33
Other Funds Held in Trust	\$	11,040,773.13
Total	\$	<u>734,718,562.70</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

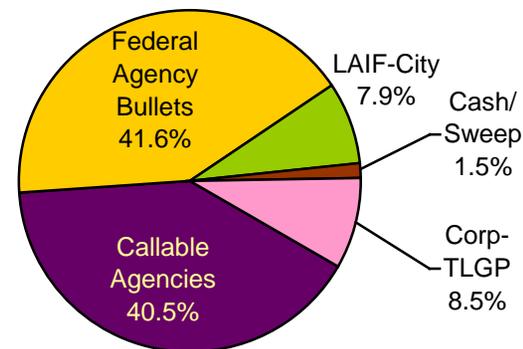
As of September 30, 2011, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$588.9 million, a slight \$1.3 million increase from August. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt 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. Fourteen investments were made during the month (\$55.4 million), three investments matured (\$12.3 million), and four investments were called (\$17.5 million). No investments were sold. The net total State Local Agency Investment Fund (LAIF) account balances were unchanged in September. The balance of the money market sweep account as of September month-end was \$7.9 million.

Details of the main portfolio follow.

Portfolio Composition

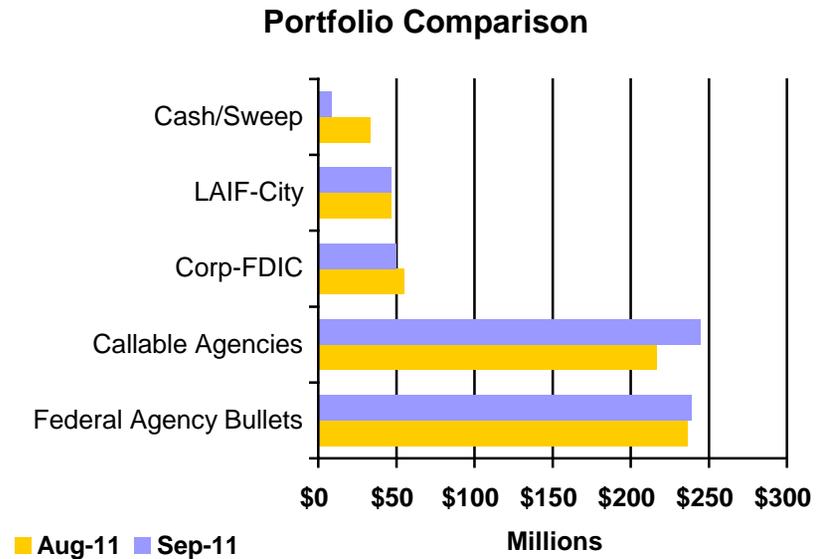
The portfolio is well-diversified and is in compliance with the City’s Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (82.1%). The remaining 17.9% is invested in the State Local Agency Investment Fund (7.9%); corporate notes (8.5%), 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 (1.5%). 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. The primary change in September reflects the investment in Federal Agency securities (primarily callables) of a significant portion of the funds left in the sweep account at August 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 September 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
September 30, 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												
31331GDC0	10877	Federal Farm Credit Bank		07/17/2009	5,000,000.00	5,005,350.00	5,253,302.16	3.600	819	1.299	13	10/14/2011
3133XV6K2	10903	Federal Home Loan Bank		10/14/2009	5,000,000.00	5,001,600.00	5,011,850.00	1.150	730	1.030	13	10/14/2011
31331JBL6	10921	Federal Farm Credit Bank		01/14/2010	5,000,000.00	5,013,600.00	5,003,900.00	1.100	728	1.060	103	01/12/2012
3133XWFP9	10930	Federal Home Loan Bank		02/04/2010	1,205,000.00	1,209,434.40	1,205,554.30	1.050	750	1.025	146	02/24/2012
3133XY6F7	10965	Federal Home Loan Bank		06/04/2010	5,000,000.00	5,017,900.00	5,011,150.00	1.000	634	0.866	150	02/28/2012
3133XWW47	11003	Federal Home Loan Bank		10/06/2010	2,000,000.00	2,008,540.00	2,021,720.00	1.125	520	0.360	160	03/09/2012
31398AH54	11028	Federal National Mort Assoc		12/09/2010	5,000,000.00	5,019,650.00	5,032,150.00	1.000	482	0.510	186	04/04/2012
31331GVL0	10860	Federal Farm Credit Bank		05/07/2009	5,000,000.00	5,047,850.00	5,000,000.00	1.875	1,096	1.875	219	05/07/2012
3133MNVV0	10814	Federal Home Loan Bank		01/16/2009	5,000,000.00	5,169,150.00	5,620,170.41	5.750	1,215	1.880	227	05/15/2012
313375BU0	11131	Federal Home Loan Bank		08/17/2011	5,000,000.00	4,995,500.00	4,998,800.00	0.120	274	0.152	229	05/17/2012
3133XWKU2	10980	Federal Home Loan Bank		07/29/2010	5,000,000.00	5,037,550.00	5,058,750.00	1.375	680	0.737	251	06/08/2012
313374Z37	11121	Federal Home Loan Bank		07/25/2011	2,500,000.00	2,500,450.00	2,499,392.50	0.250	366	0.274	298	07/25/2012
3133XVP68	10946	Federal Home Loan Bank		03/26/2010	5,000,000.00	5,039,550.00	4,990,800.00	1.250	854	1.331	300	07/27/2012
3133.XWXJ3	10938	Federal Home Loan Bank		02/16/2010	4,000,000.00	4,031,960.00	4,000,000.00	1.250	895	1.250	303	07/30/2012
3133XWQ36	10999	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,522,550.00	2,539,400.00	1.375	669	0.514	303	07/30/2012
31398AYM8	10911	Federal National Mort Assoc		12/04/2009	5,000,000.00	5,062,550.00	5,066,400.00	1.750	980	1.245	314	08/10/2012
3133XUE41	10906	Federal Home Loan Bank		11/19/2009	5,000,000.00	5,065,000.00	5,056,600.00	1.750	1,007	1.337	326	08/22/2012
3134G1GQ1	10981	Fed Home Loan Mortgage Corp		08/13/2010	2,500,000.00	2,516,225.00	2,514,900.00	1.000	746	0.668	332	08/28/2012
3133XUK93	10890	Federal Home Loan Bank		08/19/2009	5,000,000.00	5,081,050.00	5,007,335.75	2.000	1,122	1.951	349	09/14/2012
3133XUK93	10995	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,540,525.00	2,571,200.00	2.000	715	0.534	349	09/14/2012
3134G1VG6	11001	Fed Home Loan Mortgage Corp		10/06/2010	3,000,000.00	3,010,410.00	3,006,600.00	0.625	755	0.509	395	10/30/2012
3136FPUC9	11015	Federal National Mort Assoc		11/23/2010	4,000,000.00	4,004,080.00	3,994,480.00	0.500	707	0.572	395	10/30/2012
3134G1WT7	11012	Fed Home Loan Mortgage Corp		11/16/2010	5,000,000.00	5,011,600.00	4,991,650.00	0.515	741	0.612	422	11/26/2012
3134G1WT7	11026	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,011,600.00	4,988,000.00	0.515	719	0.638	422	11/26/2012
31331KKR0	11084	Federal Farm Credit Bank		05/13/2011	2,500,000.00	2,500,050.00	2,499,750.00	0.530	609	0.536	468	01/11/2013
3133XW7L7	11007	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,058,880.00	4,092,600.00	1.500	804	0.441	473	01/16/2013
31331KAE0	11075	Federal Farm Credit Bank		01/19/2011	5,000,000.00	5,025,150.00	5,000,000.00	0.750	762	0.750	507	02/19/2013
31331JBV4	10929	Federal Farm Credit Bank		02/04/2010	2,500,000.00	2,543,550.00	2,502,800.00	1.750	1,113	1.709	509	02/21/2013
31359MQV8	10909	Federal National Mort Assoc		12/03/2009	5,000,000.00	5,299,650.00	5,496,750.00	4.750	1,176	1.570	509	02/21/2013
3133XWX87	10945	Federal Home Loan Bank		03/23/2010	2,000,000.00	2,037,000.00	2,003,100.00	1.750	1,081	1.696	524	03/08/2013
31331KNE6	11111	Federal Farm Credit Bank		06/23/2011	5,000,000.00	4,974,350.00	4,998,750.00	0.480	629	0.493	529	03/13/2013
31331GVD8	11085	Federal Farm Credit Bank		05/13/2011	2,000,000.00	2,053,940.00	2,065,457.78	2.200	696	0.581	555	04/08/2013
3137EACJ6	11095	Fed Home Loan Mortgage Corp		05/20/2011	3,000,000.00	3,057,720.00	3,066,839.58	1.625	696	0.530	562	04/15/2013
3137EABJ7	11153	Fed Home Loan Mortgage Corp		09/27/2011	4,000,000.00	4,206,920.00	4,257,008.89	3.500	610	0.332	606	05/29/2013
3133XR5U0	10901	Federal Home Loan Bank		10/02/2009	5,000,000.00	5,278,750.00	5,312,250.00	3.750	1,351	1.990	622	06/14/2013
3133XYHDO	10962	Federal Home Loan Bank		05/28/2010	5,000,000.00	5,104,450.00	4,995,200.00	1.625	1,113	1.657	622	06/14/2013

Portfolio INVT

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
September 30, 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												
3133XYHD0	11151	Federal Home Loan Bank		09/22/2011	3,940,000.00	4,022,306.60	4,047,458.03	1.625	631	0.298	622	06/14/2013
3133XXYX9	11150	Federal Home Loan Bank		09/22/2011	5,000,000.00	5,127,650.00	5,162,747.92	1.875	638	0.278	629	06/21/2013
313371AR7	10996	Federal Home Loan Bank		10/01/2010	2,500,000.00	2,515,375.00	2,501,475.00	0.750	1,001	0.730	636	06/28/2013
31331KQK9	11123	Federal Farm Credit Bank		07/22/2011	5,000,000.00	4,999,950.00	5,004,195.83	0.570	714	0.541	643	07/05/2013
3134G2BB7	11078	Fed Home Loan Mortgage Corp		04/05/2011	5,000,000.00	5,008,300.00	4,988,700.00	1.000	822	1.102	643	07/05/2013
31331KSF8	11114	Federal Farm Credit Bank		07/25/2011	4,000,000.00	3,999,760.00	4,000,000.00	0.550	731	0.550	663	07/25/2013
3134G2SQ6	11118	Fed Home Loan Mortgage Corp		07/26/2011	4,000,000.00	3,997,000.00	4,000,000.00	0.400	731	0.400	664	07/26/2013
31331KUY4	11141	Federal Farm Credit Bank		08/31/2011	3,000,000.00	2,989,740.00	2,995,540.00	0.250	719	0.330	688	08/19/2013
3136FJ4C2	10924	Federal National Mort Assoc		02/23/2010	5,000,000.00	5,028,500.00	5,000,000.00	2.000	1,277	2.000	692	08/23/2013
313372H64	11049	Federal Home Loan Bank		01/28/2011	2,200,000.00	2,224,178.00	2,200,000.00	1.000	943	1.000	697	08/28/2013
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,127,740.00	3,076,230.00	2.625	1,288	1.876	713	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,527,875.00	2,502,850.00	1.000	1,127	0.962	713	09/13/2013
3133747F1	11110	Federal Home Loan Bank		06/27/2011	5,000,000.00	5,009,300.00	5,000,000.00	0.700	823	0.700	727	09/27/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,017,540.00	2,005,360.00	0.875	1,118	0.787	758	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,035,080.00	4,007,200.00	0.875	1,077	0.814	758	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,043,850.00	4,988,000.00	0.875	1,055	0.957	758	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,173,650.00	5,134,550.00	2.100	1,035	1.132	786	11/25/2013
3134G2HU9	11102	Fed Home Loan Mortgage Corp		06/09/2011	2,500,000.00	2,502,925.00	2,503,000.00	1.000	914	0.951	800	12/09/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,528,300.00	2,500,000.00	1.125	1,187	1.125	808	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,528,125.00	2,500,650.00	1.000	1,218	0.992	818	12/27/2013
3136FP3T2	11040	Federal National Mort Assoc		01/27/2011	5,000,000.00	5,003,000.00	5,000,000.00	0.750	1,096	0.750	849	01/27/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,261,550.00	5,092,600.00	2.750	1,506	2.276	858	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,549,450.00	2,500,000.00	1.375	1,096	1.375	863	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,236,160.00	4,117,520.00	3.000	1,461	2.228	865	02/12/2014
3134G2VD1	11143	Fed Home Loan Mortgage Corp		08/31/2011	3,000,000.00	3,004,410.00	3,007,007.50	0.750	908	0.660	877	02/24/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,102,750.00	5,000,000.00	1.400	1,093	1.400	881	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,161,610.00	3,175,080.00	2.750	1,206	0.952	894	03/13/2014
3136FREA7	11069	Federal National Mort Assoc		03/21/2011	5,000,000.00	5,004,350.00	5,000,000.00	0.875	1,096	0.875	902	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,099,750.00	5,046,687.50	1.350	1,075	1.054	941	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,063,850.00	5,013,968.06	1.150	1,089	1.062	954	05/12/2014
3134G2GQ9	11081	Fed Home Loan Mortgage Corp		05/23/2011	5,000,000.00	5,006,550.00	5,000,000.00	1.350	1,096	1.350	965	05/23/2014
3134G2HP0	11089	Fed Home Loan Mortgage Corp		06/02/2011	2,500,000.00	2,503,515.50	2,500,000.00	1.300	1,096	1.300	975	06/02/2014
3134G2JV5	11099	Fed Home Loan Mortgage Corp		06/06/2011	2,500,000.00	2,512,400.00	2,500,000.00	1.250	1,096	1.250	979	06/06/2014
313373WB4	11091	Federal Home Loan Bank		06/09/2011	2,500,000.00	2,501,275.00	2,500,000.00	0.700	1,096	0.700	982	06/09/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,202,320.00	4,237,120.00	2.500	1,317	0.829	986	06/13/2014
3136FRQJ5	11103	Federal National Mort Assoc		06/20/2011	5,000,000.00	5,023,300.00	5,000,000.00	1.170	1,096	1.170	993	06/20/2014

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
September 30, 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												
313371YA8	11018	Federal Home Loan Bank		12/27/2010	2,500,000.00	2,504,500.00	2,500,000.00	1.200	1,278	1.200	1,000	06/27/2014
3636FRD59	11124	Federal National Mort Assoc		07/25/2011	5,000,000.00	5,007,000.00	5,000,000.00	1.125	1,096	1.125	1,028	07/25/2014
3136FP4G9	11045	Federal National Mort Assoc		01/27/2011	10,000,000.00	10,013,300.00	10,000,000.00	1.000	1,277	1.000	1,030	07/27/2014
3134G2SU7	11115	Fed Home Loan Mortgage Corp		07/28/2011	4,000,000.00	4,000,320.00	4,000,000.00	0.750	1,096	0.750	1,031	07/28/2014
31331KVP2	11134	Federal Farm Credit Bank		08/25/2011	5,000,000.00	4,986,300.00	5,000,000.00	0.750	1,096	0.750	1,059	08/25/2014
3134G2GE6	11083	Fed Home Loan Mortgage Corp		05/25/2011	5,000,000.00	5,007,750.00	5,000,000.00	1.500	1,188	1.500	1,059	08/25/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,024,640.00	3,997,920.00	0.875	1,136	0.890	1,062	08/28/2014
3136FRW74	11145	Federal National Mort Assoc		09/07/2011	3,000,000.00	2,988,510.00	3,000,260.42	0.625	1,091	0.625	1,067	09/02/2014
3135G0CU5	11138	Federal National Mort Assoc		09/12/2011	5,000,000.00	4,983,250.00	5,000,000.00	0.625	1,096	0.625	1,077	09/12/2014
3134G2JZ6	11100	Fed Home Loan Mortgage Corp		06/15/2011	2,500,000.00	2,504,687.50	2,500,000.00	1.450	1,188	1.450	1,080	09/15/2014
313371YB6	11022	Federal Home Loan Bank		12/23/2010	2,500,000.00	2,505,025.00	2,500,000.00	1.300	1,370	1.300	1,088	09/23/2014
3134G2CB6	11074	Fed Home Loan Mortgage Corp		04/06/2011	5,000,000.00	5,000,650.00	5,000,000.00	1.650	1,279	1.650	1,101	10/06/2014
3136FRMX8	11088	Federal National Mort Assoc		05/24/2011	2,500,000.00	2,514,575.00	2,500,000.00	1.520	1,280	1.520	1,150	11/24/2014
3134G2AK8	11070	Fed Home Loan Mortgage Corp		03/30/2011	5,000,000.00	5,030,400.00	5,000,000.00	2.020	1,371	2.020	1,186	12/30/2014
3134G2TJ1	11120	Fed Home Loan Mortgage Corp		07/26/2011	4,000,000.00	4,019,640.00	4,000,000.00	1.270	1,280	1.270	1,213	01/26/2015
3134G2TJ1	11122	Fed Home Loan Mortgage Corp		07/26/2011	5,000,000.00	5,024,550.00	5,000,000.00	1.270	1,280	1.270	1,213	01/26/2015
3136FR6N8	11148	Federal National Mort Assoc		09/30/2011	1,500,000.00	1,498,005.00	1,500,000.00	0.810	1,277	0.810	1,276	03/30/2015
3136FR6N8	11149	Federal National Mort Assoc		09/30/2011	3,500,000.00	3,495,345.00	3,500,000.00	0.810	1,277	0.810	1,276	03/30/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,564,825.00	2,501,250.00	1.600	1,461	1.587	1,325	05/18/2015
3136FRKZ5	11082	Federal National Mort Assoc		05/18/2011	5,000,000.00	5,009,550.00	5,000,000.00	0.850	1,461	0.850	1,325	05/18/2015
3136FRRB1	11108	Federal National Mort Assoc		06/22/2011	10,000,000.00	10,069,700.00	10,000,000.00	1.550	1,461	1.550	1,360	06/22/2015
3136FRE41	11119	Federal National Mort Assoc		07/27/2011	4,000,000.00	4,016,080.00	4,000,000.00	1.550	1,461	1.550	1,395	07/27/2015
3136FRE41	11125	Federal National Mort Assoc		07/27/2011	5,000,000.00	5,020,100.00	5,000,000.00	1.550	1,461	1.550	1,395	07/27/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,496,650.00	2,500,000.00	0.750	1,410	0.750	1,398	07/30/2015
31331KUU2	11142	Federal Farm Credit Bank		08/31/2011	3,000,000.00	2,999,340.00	3,001,166.67	1.000	1,447	0.999	1,416	08/17/2015
3136FRX40	11140	Federal National Mort Assoc		08/26/2011	9,000,000.00	8,952,660.00	9,000,000.00	1.000	1,461	1.000	1,425	08/26/2015
3136FPKK2	10991	Federal National Mort Assoc		09/28/2010	5,000,000.00	5,011,400.00	5,000,000.00	1.000	1,826	1.000	1,458	09/28/2015
3136FPQC4	10998	Federal National Mort Assoc		10/15/2010	5,000,000.00	5,002,000.00	5,000,000.00	1.250	1,826	1.250	1,475	10/15/2015
3134G1WL4	11000	Fed Home Loan Mortgage Corp		10/26/2010	3,000,000.00	3,001,470.00	3,000,000.00	1.000	1,826	1.000	1,486	10/26/2015
3136FPB22	11013	Federal National Mort Assoc		11/30/2010	2,500,000.00	2,506,600.00	2,500,000.00	2.000	1,826	2.000	1,521	11/30/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,054,600.00	2,000,000.00	1.740	1,826	1.740	1,528	12/07/2015
3136FTA5	11152	Federal National Mort Assoc		09/28/2011	4,000,000.00	3,988,200.00	4,000,000.00	1.000	1,552	0.998	1,549	12/28/2015
3136FPY76	11129	Federal National Mort Assoc		08/11/2011	1,000,000.00	1,006,290.00	1,010,679.17	2.375	1,614	2.167	1,563	01/11/2016
3136FRS61	11136	Federal National Mort Assoc		09/07/2011	5,000,000.00	4,971,950.00	5,000,000.00	1.250	1,643	1.250	1,619	03/07/2016
31331KFK1	11073	Federal Farm Credit Bank		03/24/2011	1,155,000.00	1,176,090.30	1,153,845.00	2.440	1,827	2.461	1,636	03/24/2016
31331KYL8	11146	Federal Farm Credit Bank		09/14/2011	2,500,000.00	2,485,375.00	2,500,000.00	1.450	1,735	1.450	1,718	06/14/2016

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
September 30, 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	4,013,320.00	4,000,000.00	1.750	1,827	1.750	1,761	07/27/2016
3134G2YL0	11132	Fed Home Loan Mortgage Corp		08/24/2011	2,500,000.00	2,502,600.00	2,500,000.00	1.125	1,827	1.125	1,789	08/24/2016
3136FRQ71	11130	Federal National Mort Assoc		08/24/2011	2,500,000.00	2,492,525.00	2,500,000.00	1.450	1,827	1.450	1,789	08/24/2016
3136FRS38	11135	Federal National Mort Assoc		09/06/2011	5,000,000.00	4,979,900.00	5,000,000.00	1.400	1,827	1.400	1,802	09/06/2016
3136FRT37	11139	Federal National Mort Assoc		09/14/2011	5,000,000.00	4,990,250.00	5,000,000.00	1.050	1,827	1.050	1,810	09/14/2016
3136FR3Q4	11144	Federal National Mort Assoc		09/28/2011	5,000,000.00	4,980,468.50	5,000,000.00	1.320	1,827	1.320	1,824	09/28/2016
Subtotal and Average			435,621,335.18		453,000,000.00	457,107,860.80	456,707,672.47		1,125	1.104	860	
Federal Agency Discount												
313384PV5	11021	Federal Home Loan Bank		11/30/2010	5,000,000.00	4,999,850.00	4,984,875.00	0.300	363	0.309	58	11/28/2011
313588SD8	11128	Federal National Mort Assoc		08/11/2011	12,000,000.00	11,999,280.00	11,995,050.00	0.090	165	0.091	114	01/23/2012
Subtotal and Average			20,729,239.73		17,000,000.00	16,999,130.00	16,979,925.00		223	0.155	98	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			46,588,893.16	46,588,893.16	46,588,893.16	0.408	1	0.408	1	
Subtotal and Average			46,588,893.16		46,588,893.16	46,588,893.16	46,588,893.16		1	0.408	1	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	7,946,244.67	7,946,244.67	7,946,244.67	0.010	1	0.010	1	
Subtotal and Average			17,454,824.96		7,946,244.67	7,946,244.67	7,946,244.67		1	0.010	1	
Local Agency Investment Funds - RDA												
SYS10092	10092	LAIF - RDA		03/17/2009	0.00	0.00	0.00	0.408	1	0.408	1	
Subtotal and Average			0.00		0.00	0.00	0.00		0	0.000	0	
Corporate Bonds												
86801BAB1	10798	Suntrust Bank		12/29/2008	5,000,000.00	5,016,750.00	5,153,450.00	3.000	1,052	1.900	46	11/16/2011
949744AA4	10790	Wells Fargo Bank		12/10/2008	5,000,000.00	5,025,350.00	4,994,150.00	3.000	1,094	3.041	69	12/09/2011
4042EPAA5	10823	HSBC		02/06/2009	5,000,000.00	5,031,550.00	5,151,350.00	3.125	1,043	2.030	76	12/16/2011
9116OHAA5	10842	US Bank		03/13/2009	5,000,000.00	5,045,700.00	4,999,400.00	2.250	1,096	2.254	164	03/13/2012
17314AAF9	11116	Citigroup		07/19/2011	4,000,000.00	4,032,840.00	4,050,040.00	2.000	255	0.203	181	03/30/2012
06050BAA9	10808	Bank of America		01/20/2009	5,000,000.00	5,102,750.00	5,199,100.00	3.125	1,242	1.913	258	06/15/2012
38146FAA9	10816	Goldman Sachs		01/26/2009	5,000,000.00	5,106,000.00	5,206,850.00	3.250	1,236	1.984	258	06/15/2012
61757UAH3	10846	Morgan Stanley		04/13/2009	5,000,000.00	5,059,700.00	4,998,450.00	1.950	1,164	1.960	263	06/20/2012
17313YAG6	10895	Citigroup		08/28/2009	2,000,000.00	2,029,460.00	2,015,520.00	2.125	1,049	1.844	285	07/12/2012

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
September 30, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Corporate Bonds												
17313YAL5	10899	Citigroup		10/05/2009	3,000,000.00	3,047,400.00	3,011,940.00	1.875	1,113	1.741	387	10/22/2012
481247AM6	10847	JP Morgan Chase		04/13/2009	5,000,000.00	5,109,375.00	4,993,850.00	2.125	1,353	2.160	452	12/26/2012
		Subtotal and Average	53,360,654.81		49,000,000.00	49,606,875.00	49,774,100.00		1,079	1.956	211	
		Total and Average	573,754,947.85		573,535,137.83	578,249,003.63	577,996,835.30		988	1.078	701	

**City of Santa Monica
Portfolio Management
Activity By Type
September 1, 2011 through September 30, 2011**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Coupon							
31331KYL8	11146	Federal Farm Credit Bank	1.450	09/14/2011	2,500,000.00	0.00	
313373WE8	11101	Federal Home Loan Bank	1.000	09/15/2011	0.00	5,000,000.00	
313375PT8	11147	Federal Home Loan Bank	0.750	09/19/2011	2,500,000.00	0.00	
3133XXYX9	11150	Federal Home Loan Bank	1.875	09/22/2011	5,139,050.00	0.00	
3133XYHD0	11151	Federal Home Loan Bank	1.625	09/22/2011	4,030,029.00	0.00	
3134G1US1	10994	Fed Home Loan Mortgage Corp	1.000	09/27/2011	0.00	5,000,000.00	
3134G2JN3	11093	Fed Home Loan Mortgage Corp	1.625	09/09/2011	0.00	2,500,000.00	
3137EABJ7	11153	Fed Home Loan Mortgage Corp	3.500	09/27/2011	4,211,120.00	0.00	
3136FRCZ4	11061	Federal National Mort Assoc	2.200	09/23/2011	0.00	5,000,000.00	
3136FRS38	11135	Federal National Mort Assoc	1.400	09/06/2011	5,000,000.00	0.00	
3136FRS61	11136	Federal National Mort Assoc	1.250	09/07/2011	5,000,000.00	0.00	
3135G0CU5	11138	Federal National Mort Assoc	0.625	09/12/2011	5,000,000.00	0.00	
3136FRT37	11139	Federal National Mort Assoc	1.050	09/14/2011	5,000,000.00	0.00	
3136FR3Q4	11144	Federal National Mort Assoc	1.320	09/28/2011	5,000,000.00	0.00	
3136FRW74	11145	Federal National Mort Assoc	0.625	09/07/2011	3,000,000.00	0.00	
3136FR6N8	11148	Federal National Mort Assoc	0.810	09/30/2011	1,500,000.00	0.00	
3136FR6N8	11149	Federal National Mort Assoc	0.810	09/30/2011	3,500,000.00	0.00	
3136FTAK5	11152	Federal National Mort Assoc	1.000	09/28/2011	4,000,000.00	0.00	
Subtotal					55,380,199.00	17,500,000.00	456,707,672.47
Federal Agency Discount							
313384LM9	11133	Federal Home Loan Bank	0.020	09/09/2011	0.00	2,199,971.89	
313396LY7	11052	Fed Home Loan Mortgage Corp	0.200	09/20/2011	0.00	4,993,666.67	
Subtotal					0.00	7,193,638.56	16,979,925.00
Local Agency Investment Funds (Monthly Summary)							
Subtotal							46,588,893.16
Columbia Money Market Fund (Monthly Summary)							
SYS10091	10091	Columbia Money Market Reserves	0.010		28,367,860.32	51,393,406.17	
Subtotal					28,367,860.32	51,393,406.17	7,946,244.67
Local Agency Investment Funds - RDA (Monthly Summary)							
Subtotal							0.00

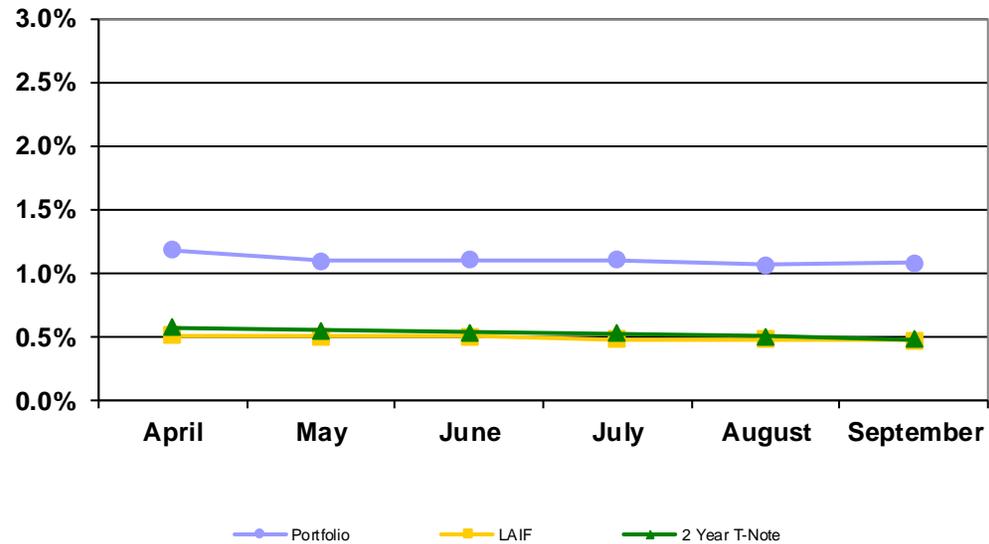
**City of Santa Monica
Portfolio Management
Activity By Type
September 1, 2011 through September 30, 2011**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Corporate Bonds							
61757UAF7	10878	Morgan Stanley	2.000	09/22/2011	0.00	5,090,200.00	
		Subtotal			0.00	5,090,200.00	49,774,100.00
		Total			83,748,059.32	81,177,244.73	577,996,835.30

Portfolio Yield

The portfolio yield-to-maturity was 1.08% as of September 30, 2011, up two (2) basis points from August, but down twenty-five (25) basis from September 2010. 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 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.

Portfolio Yield



Overall, interest rates in the two to five year maturity range rose slightly in September after two months of sharp decreases and remain near the record lows reached last year. The month-end two year CMT rose five (5) basis points in September after hitting an all-time low in August and is still fifty-five basis points less than six months ago. The August month-end rate was the lowest on record. The twelve month moving average of the CMT was two (2) basis points lower in September and is four hundred twenty-six (426) 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 fell one basis point in September to 0.47%, and has not shown a monthly increase in over forty months. The monthly LAIF yield for September was 0.38%, equal to the lowest month on record.

The Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25% at its September 2011 meeting. The Fed and others have reduced forecasts for economic growth and increased projections for unemployment in both 2011 and 2012. Based on this, the Fed policy statements have indicated that they intend to keep rates

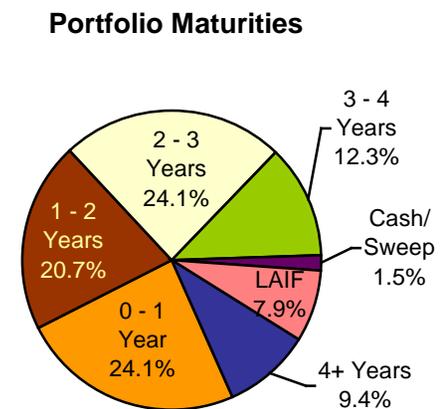
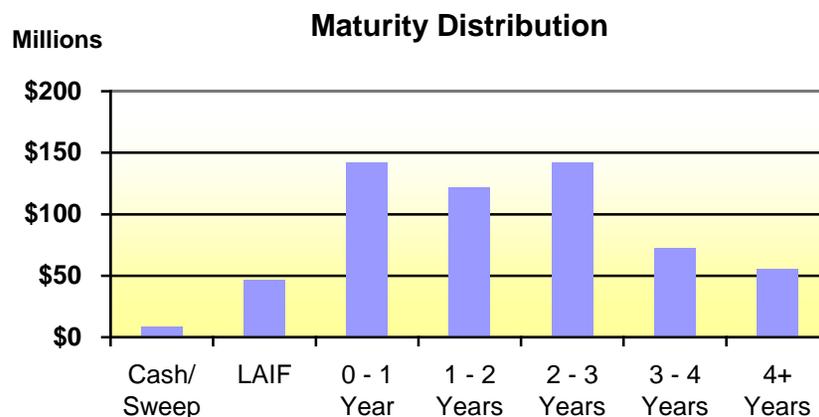
at low levels for an extended time period, possibly into 2013. The preliminary third quarter GDP growth was 2.5% after increases of just 1.3% and 0.4% the previous two quarters. A recent Bloomberg survey of economists predicted only a 1.7% growth rate for all of 2011, and only modest growth of 2% and 2.5% in 2012 and 2013 respectively. The housing market continues weak and unemployment remains persistently high, a major factor in the mild projections for economic growth. The September unemployment rate remained at 9.1% in September for the third month in a row. The stock market suffered in September for the fourth month in a row as the European debt crisis weighed on investors. However, at the time of the writing of this report, the stock market has rebounded sharply as a plan for the debt crisis in Greece has been reached.

The City’s portfolio yield-to-maturity has decreased significantly over the last four and a half years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield should remain relatively stable 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 September were \$0.5 million. Fiscal year-to-date earnings are up 15.6% from the same period last year. However, much of that is due to the timing of certain maturities, and the earnings for September were relatively flat with the prior year. For the entire fiscal year, current projections are that investment earnings will be similar to last fiscal year

Maturity Distribution

The weighted average days to maturity as of September 30, 2011 is 712 days (1.95 years), fifty-nine days more than the prior month. The change results from the investment of a significant portion of the funds left in the sweep account at August month-end. 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 September 30, 2011, the market value and the book value of the City's pooled investments (excluding cash) are:

Market Value	\$	588,265,903.63
Book Value (purchase price)		587,996,835.30
Unrealized Gain/(Loss)	\$	269,068.33

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 \$25.8 million) should be sufficient to cover remaining costs related to construction of the facility and operations for the first three to four years. The plant has been operational since the beginning of the year. The yield to maturity on these funds as of September 30, 2011 is 0.31%. On September 30, 2011, the portfolio showed an unrealized loss of \$49,900. The weighted average days-to-maturity was 27 days. Most investments are being held in very short maturity/low yield investments.

RDA Term Loan Proceeds

In March, the Santa Monica Redevelopment Agency received a \$60 million term loan from 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 September 30, \$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 0.55%. The weighted average days to maturity were 345 days. The month-end unrealized loss was \$55,595.87.

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 September 30, 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
September 30, 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	20,686,332.33	20,686,332.33	20,686,332.33	0.010	0.010	0.010	1	
Subtotal and Average			24,066,342.32		20,686,332.33	20,686,332.33	20,686,332.33		0.010	0.010	1	
Federal Agency Coupon Securities												
3133XT2T2	57	Federal Home Loan Bank		07/17/2009	5,000,000.00	5,037,700.00	5,087,600.00	2.250	1.529	1.550	132	02/10/2012
Subtotal and Average			5,087,600.00		5,000,000.00	5,037,700.00	5,087,600.00		1.529	1.550	132	
Total and Average			29,153,942.32		25,686,332.33	25,724,032.33	25,773,932.33		0.310	0.314	27	

**Santa Monica Custodial 2011
Portfolio Management
Portfolio Details - Investments
September 30, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Money Market Sweep Account												
SYS2000	2000	Blackrock Institutional Funds		03/24/2011	8,282,087.75	8,282,087.75	8,282,087.75	0.010		0.010	1	
Subtotal and Average			8,282,087.75		8,282,087.75	8,282,087.75	8,282,087.75			0.010	1	
Federal Agency Coupon Securities												
313373BP6	2007	Federal Home Loan Bank		04/11/2011	8,300,000.00	8,304,731.00	8,298,174.00	0.300		0.321	212	04/30/2012
31398AT77	2006	Federal National Mortgage Asso		04/01/2011	12,700,000.00	12,788,392.00	12,810,236.00	1.125		0.638	303	07/30/2012
3136FPUC9	2002	Federal National Mortgage Asso		03/31/2011	8,400,000.00	8,408,568.00	8,377,824.00	0.500		0.668	395	10/30/2012
31398AME9	2010	Federal National Mortgage Asso		05/05/2011	6,500,000.00	6,800,560.00	6,887,660.00	4.000		0.533	485	01/28/2013
3137EACJ6	2003	Federal Home Loan Mortgage Cor		03/31/2011	6,900,000.00	7,032,756.00	7,004,328.00	1.625		1.077	562	04/15/2013
31398ASD5	2008	Federal National Mortgage Asso		05/05/2011	4,100,000.00	4,353,175.00	4,382,490.00	3.875		0.694	650	07/12/2013
31398A4S8	2009	Federal National Mortgage Asso		05/05/2011	1,900,000.00	1,920,007.00	1,907,408.42	1.050		0.905	752	10/22/2013
Subtotal and Average			49,668,120.42		48,800,000.00	49,608,189.00	49,668,120.42			0.653	413	
Federal Agency Disc. -At Cost												
313396RY1	2004	Federal Home Loan Mortgage Cor		04/01/2011	2,200,000.00	2,199,868.00	2,196,252.67	0.210		0.217	109	01/18/2012
Subtotal and Average			2,196,252.67		2,200,000.00	2,199,868.00	2,196,252.67			0.217	109	
Total and Average			60,146,460.84		59,282,087.75	60,090,144.75	60,146,460.84			0.548	345	

Portfolio Allocation as of 9/30/11

	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	\$128,343,828.91	\$5,087,600.00	\$133,431,428.91	21.7%	50.0%	Yes
Federal National Mortgage Association	179,861,369.59	0.00	179,861,369.59	29.3%	50.0%	Yes
Federal Home Loan Mortgage Corporation	103,370,953.47	0.00	103,370,953.47	16.8%	50.0%	Yes
Federal Farm Credit Bank	72,111,445.50	0.00	72,111,445.50	11.7%	50.0%	Yes
Total Federal Agency Securities	\$483,687,597.47	5,087,600.00	488,775,197.47	79.5%	n/a	Yes
Corporate Bonds						
Corporate Bonds - TGLP (FDIC Insured)	\$49,774,100.00	\$0.00	49,774,100.00			
Corporate Bonds - Other	\$0.00		0.00			
Total Corporate Bonds	\$49,774,100.00	\$0.00	\$49,774,100.00	8.1%	30.0%	Yes
Money Market Mutual Funds						
Columbia Money Market Reserves Advisor Class	7,946,244.67		7,946,244.67	1.3%	10.0%	Yes
BlackrockT-Find Cash Management Sweep		20,686,332.33	20,686,332.33	3.4%	10.0%	Yes
Total-Money Market Mutual Funds	\$7,946,244.67	\$20,686,332.33	\$28,632,577.00	4.7%	20.0%	Yes
State Local Agency Investment Fund-City	\$46,588,893.16		\$46,588,893.16	7.6%	\$50 million	Yes
State Local Agency Investment Fund-RDA	\$0.00		\$0.00	0.0%	\$50 million	Yes
Cash (3)	880,844.99		880,844.99	0.1%	None	Yes
Total (Book Value)	\$588,877,680.29	\$25,773,932.33	\$614,651,612.62	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 (\$2,668,414.58)
- (4) Value used to test compliance is reported value (book value plus unrealized purchased interest).

Credit Ratings - Corporate Medium Term Notes

	Standard & Poors/ Fitch		Moody's	In Compliance (Yes/No)
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 9/30/11 (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
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	\$4,050,040.00			\$4,050,040.00	AAA	Yes
Citigroup 1.875% (TLGP) maturing 10/22/12	\$3,011,940.00			\$3,011,940.00	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