



Information Item

Date: December 29, 2011

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

Discussion

The October 2011 Investment Report highlights changes from September. The value of cash and investments held in the pooled portfolio decreased by \$3.4 million in October to \$585.5 million. This is a typical pattern for the month of October as expenditures typically exceed revenues during the month. The pooled portfolio yield-to-maturity of 1.07% was one basis point less than in September and fifteen basis points lower than one year earlier. Investment earnings for the month were \$0.2 million. Fiscal year-to-date earnings are down 5.1% from the same period last year. The decrease is mostly due to the timing of receipts. Additionally, interest rates have remained near record lows. 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 October 31, 2011 included \$28.8 million in Charnock settlement-related funds held in an escrow account at Union Bank, \$108.9 million in debt proceeds held in trust with fiscal agents, \$11.6 million in other funds held in trust, and \$57,222 in petty cash/change funds for a total balance of \$734.8 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 October 31, 2011, the market value of the City's portfolio was about \$0.2 million greater than the book value.

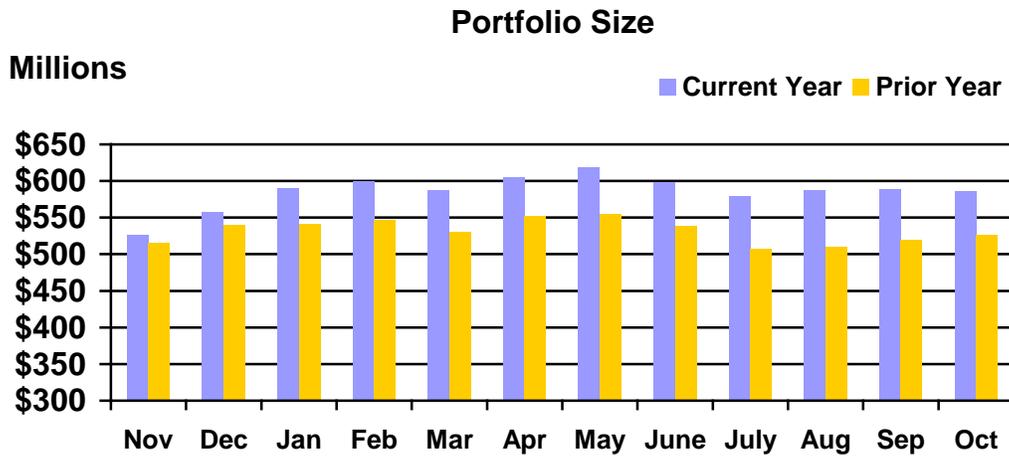
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of October 31, 2011.

Prepared by: David Carr, Treasury Administrator

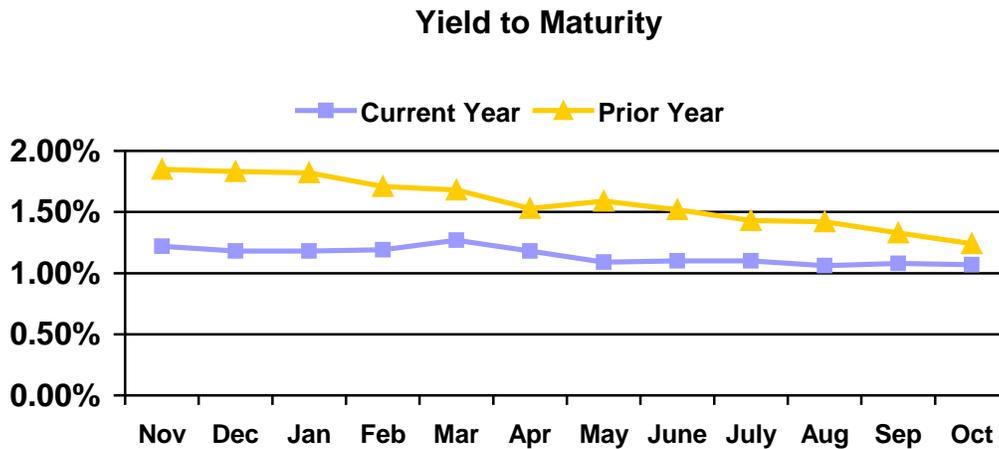
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

October 31, 2011

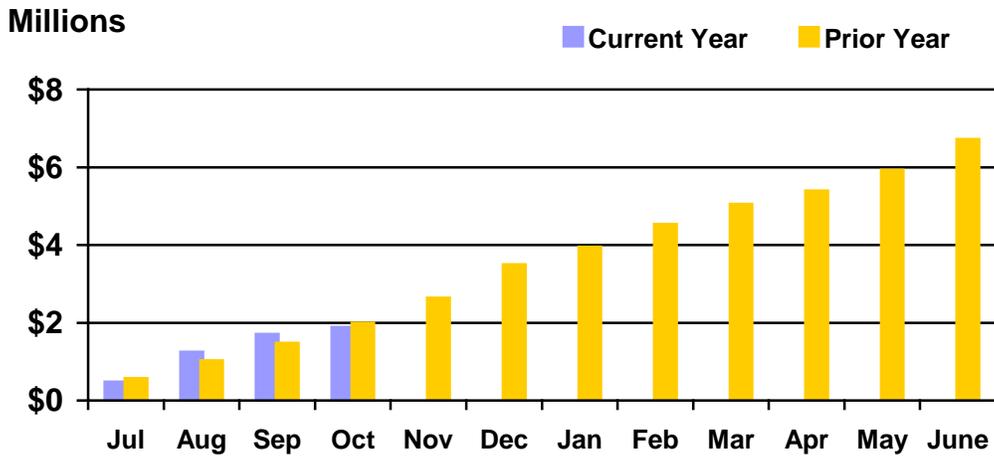


- As of October 31, the portfolio size is \$585.5 million, \$3.4 million less than in September, but \$58.8 million greater than in October 2010.

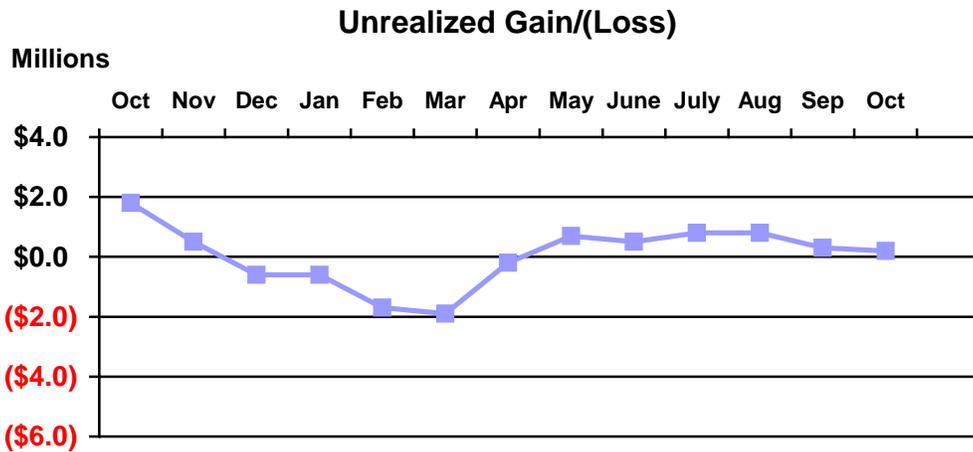


- As of October 31, yield to maturity is 1.07%.
- Decrease of one basis point from September and seventeen basis points from one year earlier.

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



- October fiscal year-to-date earnings were 5.1% less than for the same period one year earlier.



- The unrealized gain of \$0.2 million reported as of October 31, 2011 is the difference between market value and the unamortized book value (purchase price).



Investment Report

October 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 October 31, 2011**

Petty Cash/Change Funds \$57,222.00

Pooled Portfolio

| | | |
|---|------------------|------------------|
| Bank of America (1) | | |
| General Account | \$562,689.83 | |
| Columbia Money Market Sweep Account | \$8,634,097.30 | |
| Total Bank of America | \$9,196,787.13 | |
| Bank of New York (BNY) | | |
| Corporate Bonds - FDIC Insured | \$49,774,100.00 | |
| Federal Agencies Securities | \$477,406,976.56 | |
| Treasury Bills | \$0.00 | |
| Total Bank of New York | \$527,181,076.56 | |
| State of California Local Agency Investment Fund - RDA | \$17.57 | |
| State of California Local Agency Investment Fund - City | \$49,133,561.60 | |
| Total Pooled Portfolio | | \$585,511,442.86 |

Restricted Cash/Investments Held in Trust/Debt Proceeds

| | | |
|--|-----------------|------------------|
| Union Bank - Redevelopment Agency Term Loan | \$60,246,610.18 | |
| Union Bank-Earthquake Recovery Redevelopment 2006 | | |
| Tax Allocation Refunding Bonds Series A & B | \$24.18 | |
| 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 | \$1,199,861.29 | |
| 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 | \$2,827,029.32 | |
| Union Bank-RDA 2011 Tax Allocation Bonds | \$40,806,716.49 | |
| Total Restricted Cash/Investments Held in Trust | | \$108,901,034.90 |

Charnock Settlement Funds

| | | |
|---|-----------------|-----------------|
| Union Bank (December 2006 Settlement) | | |
| Money Market Funds | \$418,856.81 | |
| Federal Agencies Securities | \$28,365,523.34 | |
| Corporate Bonds | \$0.00 | |
| Total Union Bank (December 2006 Settlement) | \$28,784,380.15 | |
| Total Charnock Settlement Funds | | \$28,784,380.15 |

Other Restricted Funds/Funds Held in Trust

| | | |
|---|----------------|-----------------|
| Cemetery Perpetual Care Fund (3) | \$7,928,518.00 | |
| Mausoleum Perpetual Care Fund (3) | \$860,484.00 | |
| HUD Depository Account (4) | \$2,668,394.51 | |
| Public Agency Family Self Sufficiency Program (2) | \$96,844.31 | |
| Total Other Funds Held in Trust | | \$11,554,240.82 |

GRAND TOTAL \$734,808,320.73

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

- (1) This is the actual bank account balance as of 10/31/11. 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*
October 31, 2011**

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

| | |
|---|------------------|
| Cash and Investments - September 30, 2011 | 588,877,680.29 |
| Receipts | 35,791,279.07 |
| Disbursements | (39,157,516.50) |
| Cash and Investments - October 31, 2011 | \$585,511,442.86 |

* 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 October 31, 2011, total City cash and investments were \$734.8 million, essentially unchanged from September. Total cash and investments are categorized as follows:

| | | |
|--|----|-----------------------|
| Petty Cash | \$ | 57,222.00 |
| Pooled Investment Portfolio | \$ | 585,511,442.86 |
| Restricted Cash/Investment Held in Trust | \$ | 108,901,034.90 |
| Charnock Settlement Funds | \$ | 28,784,380.15 |
| Other Funds Held in Trust | \$ | 11,554,240.82 |
| Total | \$ | <u>734,808,320.73</u> |

Definitions

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

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

Pooled Investment Portfolio

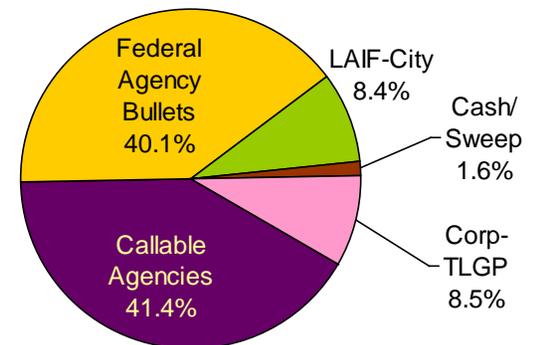
As of October 31, 2011, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$585.5 million, a \$3.4 million decrease from September. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure patterns during the month rather than any realized gains or losses on securities. City expenditures typically exceed revenues in October, which tends to be one of the lowest revenue months of the year. Additionally, the City does not amortize premiums or accrete discounts except for financial reporting purposes on the last day of each fiscal year. Five investments were made during the month (\$21 million), two investments matured (\$10.3 million), and four investments were called (\$17 million). No investments were sold. The net total State Local Agency Investment Fund (LAIF) account balances increased by \$2.5 million in October. The balance of the money market sweep account as of October month-end was \$8.6 million.

Details of the main portfolio follow.

Portfolio Composition

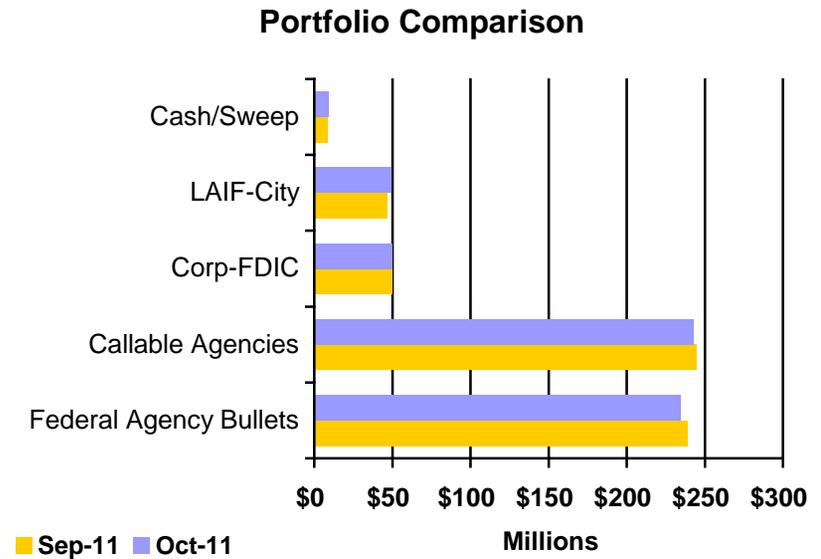
The portfolio is well-diversified and is in compliance with the City’s Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (81.5%). The remaining 18.5% is invested in the State Local Agency Investment Fund (8.4%); 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 (1.6%). 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 material changes in October. 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 October due to the low interest rate environment. As noted in previous reports, rebalancing opportunities will be evaluated when rates begin to show a consistent pattern of increase.

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
October 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 | | | | | | | | | | | | |
| 31331JBL6 | 10921 | Federal Farm Credit Bank | | 01/14/2010 | 5,000,000.00 | 5,009,850.00 | 5,003,900.00 | 1.100 | 728 | 1.060 | 72 | 01/12/2012 |
| 3133XWFP9 | 10930 | Federal Home Loan Bank | | 02/04/2010 | 1,205,000.00 | 1,208,590.90 | 1,205,554.30 | 1.050 | 750 | 1.025 | 115 | 02/24/2012 |
| 3133XY6F7 | 10965 | Federal Home Loan Bank | | 06/04/2010 | 5,000,000.00 | 5,014,600.00 | 5,011,150.00 | 1.000 | 634 | 0.866 | 119 | 02/26/2012 |
| 3133XWW47 | 11003 | Federal Home Loan Bank | | 10/06/2010 | 2,000,000.00 | 2,007,280.00 | 2,021,720.00 | 1.125 | 520 | 0.360 | 129 | 03/09/2012 |
| 31398AH54 | 11028 | Federal National Mort Assoc | | 12/09/2010 | 5,000,000.00 | 5,018,850.00 | 5,032,150.00 | 1.000 | 482 | 0.510 | 155 | 04/04/2012 |
| 31331GVL0 | 10860 | Federal Farm Credit Bank | | 05/07/2009 | 5,000,000.00 | 5,042,850.00 | 5,000,000.00 | 1.875 | 1,096 | 1.875 | 188 | 05/07/2012 |
| 3133MNVV0 | 10814 | Federal Home Loan Bank | | 01/16/2009 | 5,000,000.00 | 5,149,000.00 | 5,620,170.41 | 5.750 | 1,215 | 1.880 | 196 | 05/15/2012 |
| 313375BU0 | 11131 | Federal Home Loan Bank | | 08/17/2011 | 5,000,000.00 | 4,997,050.00 | 4,998,800.00 | 0.120 | 274 | 0.152 | 198 | 05/17/2012 |
| 3133XWKU2 | 10980 | Federal Home Loan Bank | | 07/29/2010 | 5,000,000.00 | 5,033,450.00 | 5,058,750.00 | 1.375 | 680 | 0.737 | 220 | 06/08/2012 |
| 313374Z37 | 11121 | Federal Home Loan Bank | | 07/25/2011 | 2,500,000.00 | 2,500,250.00 | 2,499,392.50 | 0.250 | 366 | 0.274 | 267 | 07/25/2012 |
| 3133XPP68 | 10946 | Federal Home Loan Bank | | 03/26/2010 | 5,000,000.00 | 5,035,500.00 | 4,990,800.00 | 1.250 | 854 | 1.331 | 269 | 07/27/2012 |
| 3133.XWXJ3 | 10938 | Federal Home Loan Bank | | 02/16/2010 | 4,000,000.00 | 4,028,640.00 | 4,000,000.00 | 1.250 | 895 | 1.250 | 272 | 07/30/2012 |
| 3133XWQ36 | 10999 | Federal Home Loan Bank | | 09/30/2010 | 2,500,000.00 | 2,520,250.00 | 2,539,400.00 | 1.375 | 669 | 0.514 | 272 | 07/30/2012 |
| 31398AYM8 | 10911 | Federal National Mort Assoc | | 12/04/2009 | 5,000,000.00 | 5,057,650.00 | 5,066,400.00 | 1.750 | 980 | 1.245 | 283 | 08/10/2012 |
| 3133XUE41 | 10906 | Federal Home Loan Bank | | 11/19/2009 | 5,000,000.00 | 5,058,593.50 | 5,056,600.00 | 1.750 | 1,007 | 1.337 | 295 | 08/22/2012 |
| 3134G1GQ1 | 10981 | Fed Home Loan Mortgage Corp | | 08/13/2010 | 2,500,000.00 | 2,515,234.25 | 2,514,900.00 | 1.000 | 746 | 0.668 | 301 | 08/28/2012 |
| 3133XUK93 | 10890 | Federal Home Loan Bank | | 08/19/2009 | 5,000,000.00 | 5,073,550.00 | 5,007,335.75 | 2.000 | 1,122 | 1.951 | 318 | 09/14/2012 |
| 3133XUK93 | 10995 | Federal Home Loan Bank | | 09/30/2010 | 2,500,000.00 | 2,536,775.00 | 2,571,200.00 | 2.000 | 715 | 0.534 | 318 | 09/14/2012 |
| 3134G1VG6 | 11001 | Fed Home Loan Mortgage Corp | | 10/06/2010 | 3,000,000.00 | 3,010,590.00 | 3,006,600.00 | 0.625 | 755 | 0.509 | 364 | 10/30/2012 |
| 3136FPUC9 | 11015 | Federal National Mort Assoc | | 11/23/2010 | 4,000,000.00 | 4,005,160.00 | 3,994,480.00 | 0.500 | 707 | 0.572 | 364 | 10/30/2012 |
| 3134G1WT7 | 11012 | Fed Home Loan Mortgage Corp | | 11/16/2010 | 5,000,000.00 | 5,012,550.00 | 4,991,650.00 | 0.515 | 741 | 0.612 | 391 | 11/26/2012 |
| 3134G1WT7 | 11026 | Fed Home Loan Mortgage Corp | | 12/08/2010 | 5,000,000.00 | 5,012,550.00 | 4,988,000.00 | 0.515 | 719 | 0.638 | 391 | 11/26/2012 |
| 31331KKR0 | 11084 | Federal Farm Credit Bank | | 05/13/2011 | 2,500,000.00 | 2,500,075.00 | 2,499,750.00 | 0.530 | 609 | 0.536 | 437 | 01/11/2013 |
| 3133XW7L7 | 11007 | Federal Home Loan Bank | | 11/04/2010 | 4,000,000.00 | 4,054,600.00 | 4,092,600.00 | 1.500 | 804 | 0.441 | 442 | 01/16/2013 |
| 31331KAE0 | 11075 | Federal Farm Credit Bank | | 01/19/2011 | 5,000,000.00 | 5,025,200.00 | 5,000,000.00 | 0.750 | 762 | 0.750 | 476 | 02/19/2013 |
| 31331JBV4 | 10929 | Federal Farm Credit Bank | | 02/04/2010 | 2,500,000.00 | 2,541,875.00 | 2,502,800.00 | 1.750 | 1,113 | 1.709 | 478 | 02/21/2013 |
| 31359MQV8 | 10909 | Federal National Mort Assoc | | 12/03/2009 | 5,000,000.00 | 5,286,900.00 | 5,496,750.00 | 4.750 | 1,176 | 1.570 | 478 | 02/21/2013 |
| 3133XWX87 | 10945 | Federal Home Loan Bank | | 03/23/2010 | 2,000,000.00 | 2,034,800.00 | 2,003,100.00 | 1.750 | 1,081 | 1.696 | 493 | 03/08/2013 |
| 31331KNE6 | 11111 | Federal Farm Credit Bank | | 06/23/2011 | 5,000,000.00 | 4,977,850.00 | 4,998,750.00 | 0.480 | 629 | 0.493 | 498 | 03/13/2013 |
| 31331GVD8 | 11085 | Federal Farm Credit Bank | | 05/13/2011 | 2,000,000.00 | 2,052,260.00 | 2,061,180.00 | 2.200 | 696 | 0.581 | 524 | 04/08/2013 |
| 3137EACJ6 | 11095 | Fed Home Loan Mortgage Corp | | 05/20/2011 | 3,000,000.00 | 3,056,190.00 | 3,062,100.00 | 1.625 | 696 | 0.530 | 531 | 04/15/2013 |
| 3137EABJ7 | 11153 | Fed Home Loan Mortgage Corp | | 09/27/2011 | 4,000,000.00 | 4,199,000.00 | 4,257,008.89 | 3.500 | 610 | 0.332 | 575 | 05/29/2013 |
| 3133XR5U0 | 10901 | Federal Home Loan Bank | | 10/02/2009 | 5,000,000.00 | 5,265,950.00 | 5,312,250.00 | 3.750 | 1,351 | 1.990 | 591 | 06/14/2013 |
| 3133XYHDO | 10962 | Federal Home Loan Bank | | 05/28/2010 | 5,000,000.00 | 5,099,650.00 | 4,995,200.00 | 1.625 | 1,113 | 1.657 | 591 | 06/14/2013 |
| 3133XYHDO | 11151 | Federal Home Loan Bank | | 09/22/2011 | 3,940,000.00 | 4,018,524.20 | 4,047,458.03 | 1.625 | 631 | 0.298 | 591 | 06/14/2013 |
| 3133XXYX9 | 11150 | Federal Home Loan Bank | | 09/22/2011 | 5,000,000.00 | 5,121,800.00 | 5,162,747.92 | 1.875 | 638 | 0.278 | 598 | 06/21/2013 |

Portfolio INVT
CC
PM (PRF_PM2) 7.3.0

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
October 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 | | | | | | | | | | | | |
| 313371AR7 | 10996 | Federal Home Loan Bank | | 10/01/2010 | 2,500,000.00 | 2,514,625.00 | 2,501,475.00 | 0.750 | 1,001 | 0.730 | 605 | 06/28/2013 |
| 31331KQK9 | 11123 | Federal Farm Credit Bank | | 07/22/2011 | 5,000,000.00 | 5,001,800.00 | 5,004,195.83 | 0.570 | 714 | 0.541 | 612 | 07/05/2013 |
| 3134G2BB7 | 11078 | Fed Home Loan Mortgage Corp | | 04/05/2011 | 5,000,000.00 | 5,006,050.00 | 4,988,700.00 | 1.000 | 822 | 1.102 | 612 | 07/05/2013 |
| 31331KSF8 | 11114 | Federal Farm Credit Bank | | 07/25/2011 | 4,000,000.00 | 4,001,080.00 | 4,000,000.00 | 0.550 | 731 | 0.550 | 632 | 07/25/2013 |
| 3134G2SQ6 | 11118 | Fed Home Loan Mortgage Corp | | 07/26/2011 | 4,000,000.00 | 3,997,760.00 | 4,000,000.00 | 0.400 | 731 | 0.400 | 633 | 07/26/2013 |
| 31331KUY4 | 11141 | Federal Farm Credit Bank | | 08/31/2011 | 3,000,000.00 | 2,991,060.00 | 2,995,540.00 | 0.250 | 719 | 0.330 | 657 | 08/19/2013 |
| 3136FJ4C2 | 10924 | Federal National Mort Assoc | | 02/23/2010 | 5,000,000.00 | 5,024,300.00 | 5,000,000.00 | 2.000 | 1,277 | 2.000 | 661 | 08/23/2013 |
| 313372H64 | 11049 | Federal Home Loan Bank | | 01/28/2011 | 2,200,000.00 | 2,223,012.00 | 2,200,000.00 | 1.000 | 943 | 1.000 | 666 | 08/28/2013 |
| 3133XUPZ0 | 10942 | Federal Home Loan Bank | | 03/05/2010 | 3,000,000.00 | 3,122,343.60 | 3,076,230.00 | 2.625 | 1,288 | 1.876 | 682 | 09/13/2013 |
| 313370LB2 | 10982 | Federal Home Loan Bank | | 08/13/2010 | 2,500,000.00 | 2,526,500.00 | 2,502,850.00 | 1.000 | 1,127 | 0.962 | 682 | 09/13/2013 |
| 3133747F1 | 11110 | Federal Home Loan Bank | | 06/27/2011 | 5,000,000.00 | 5,008,450.00 | 5,000,000.00 | 0.700 | 823 | 0.700 | 696 | 09/27/2013 |
| 3137EACL1 | 11002 | Fed Home Loan Mortgage Corp | | 10/06/2010 | 2,000,000.00 | 2,017,280.00 | 2,005,360.00 | 0.875 | 1,118 | 0.787 | 727 | 10/28/2013 |
| 3137EACL1 | 11011 | Fed Home Loan Mortgage Corp | | 11/16/2010 | 4,000,000.00 | 4,034,560.00 | 4,007,200.00 | 0.875 | 1,077 | 0.814 | 727 | 10/28/2013 |
| 3137EACL1 | 11024 | Fed Home Loan Mortgage Corp | | 12/08/2010 | 5,000,000.00 | 5,043,200.00 | 4,988,000.00 | 0.875 | 1,055 | 0.957 | 727 | 10/28/2013 |
| 3133XVWWW7 | 11048 | Federal Home Loan Bank | | 01/25/2011 | 5,000,000.00 | 5,167,450.00 | 5,134,550.00 | 2.100 | 1,035 | 1.132 | 755 | 11/25/2013 |
| 3134G2HU9 | 11102 | Fed Home Loan Mortgage Corp | | 06/09/2011 | 2,500,000.00 | 2,501,700.00 | 2,503,000.00 | 1.000 | 914 | 0.951 | 769 | 12/09/2013 |
| 3136FPEX1 | 10989 | Federal National Mort Assoc | | 09/17/2010 | 2,500,000.00 | 2,530,950.00 | 2,500,000.00 | 1.125 | 1,187 | 1.125 | 777 | 12/17/2013 |
| 313370NL8 | 10990 | Federal Home Loan Bank | | 08/27/2010 | 2,500,000.00 | 2,527,075.00 | 2,500,650.00 | 1.000 | 1,218 | 0.992 | 787 | 12/27/2013 |
| 3136FP3T2 | 11040 | Federal National Mort Assoc | | 01/27/2011 | 5,000,000.00 | 5,003,050.00 | 5,000,000.00 | 0.750 | 1,096 | 0.750 | 818 | 01/27/2014 |
| 31398AVD1 | 10914 | Federal National Mort Assoc | | 12/22/2009 | 5,000,000.00 | 5,259,550.00 | 5,092,600.00 | 2.750 | 1,506 | 2.276 | 827 | 02/05/2014 |
| 31331KCA6 | 11051 | Federal Farm Credit Bank | | 02/10/2011 | 2,500,000.00 | 2,547,400.00 | 2,500,000.00 | 1.375 | 1,096 | 1.375 | 832 | 02/10/2014 |
| 31331GNA3 | 10937 | Federal Farm Credit Bank | | 02/12/2010 | 4,000,000.00 | 4,227,640.00 | 4,117,520.00 | 3.000 | 1,461 | 2.228 | 834 | 02/12/2014 |
| 3134G2VD1 | 11143 | Fed Home Loan Mortgage Corp | | 08/31/2011 | 3,000,000.00 | 3,003,690.00 | 3,007,007.50 | 0.750 | 908 | 0.660 | 846 | 02/24/2014 |
| 313372U93 | 11058 | Federal Home Loan Bank | | 03/03/2011 | 5,000,000.00 | 5,098,950.00 | 5,000,000.00 | 1.400 | 1,093 | 1.400 | 850 | 02/28/2014 |
| 31398AVZ2 | 11016 | Federal National Mort Assoc | | 11/23/2010 | 3,000,000.00 | 3,160,080.00 | 3,175,080.00 | 2.750 | 1,206 | 0.952 | 863 | 03/13/2014 |
| 3136FREA7 | 11069 | Federal National Mort Assoc | | 03/21/2011 | 5,000,000.00 | 5,003,200.00 | 5,000,000.00 | 0.875 | 1,096 | 0.875 | 871 | 03/21/2014 |
| 3134G2CL4 | 11094 | Fed Home Loan Mortgage Corp | | 05/20/2011 | 5,000,000.00 | 5,091,700.00 | 5,042,750.00 | 1.350 | 1,075 | 1.054 | 910 | 04/29/2014 |
| 31331KKQ2 | 11090 | Federal Farm Credit Bank | | 05/19/2011 | 5,000,000.00 | 5,057,812.50 | 5,013,968.06 | 1.150 | 1,089 | 1.062 | 923 | 05/12/2014 |
| 3134G2GQ9 | 11081 | Fed Home Loan Mortgage Corp | | 05/23/2011 | 5,000,000.00 | 5,002,750.00 | 5,000,000.00 | 1.350 | 1,096 | 1.350 | 934 | 05/23/2014 |
| 3134G2HP0 | 11089 | Fed Home Loan Mortgage Corp | | 06/02/2011 | 2,500,000.00 | 2,501,775.00 | 2,500,000.00 | 1.300 | 1,096 | 1.300 | 944 | 06/02/2014 |
| 3134G2JV5 | 11099 | Fed Home Loan Mortgage Corp | | 06/06/2011 | 2,500,000.00 | 2,510,375.00 | 2,500,000.00 | 1.250 | 1,096 | 1.250 | 948 | 06/06/2014 |
| 313373WB4 | 11091 | Federal Home Loan Bank | | 06/09/2011 | 2,500,000.00 | 2,500,725.00 | 2,500,000.00 | 0.700 | 1,096 | 0.700 | 951 | 06/09/2014 |
| 3133XWE70 | 11008 | Federal Home Loan Bank | | 11/04/2010 | 4,000,000.00 | 4,195,080.00 | 4,237,120.00 | 2.500 | 1,317 | 0.829 | 955 | 06/13/2014 |
| 3136FRQJ5 | 11103 | Federal National Mort Assoc | | 06/20/2011 | 5,000,000.00 | 5,022,550.00 | 5,000,000.00 | 1.170 | 1,096 | 1.170 | 962 | 06/20/2014 |
| 313371YA8 | 11018 | Federal Home Loan Bank | | 12/27/2010 | 2,500,000.00 | 2,502,975.00 | 2,500,000.00 | 1.200 | 1,278 | 1.200 | 969 | 06/27/2014 |
| 3136FRTW3 | 11109 | Federal National Mort Assoc | | 06/30/2011 | 5,000,000.00 | 5,005,950.00 | 5,000,000.00 | 1.100 | 1,096 | 1.100 | 972 | 06/30/2014 |

Portfolio INVT
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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
October 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 | | | | | | | | | | | | |
| 3636FRD59 | 11124 | Federal National Mort Assoc | | 07/25/2011 | 5,000,000.00 | 5,005,750.00 | 5,000,000.00 | 1.125 | 1,096 | 1.125 | 997 | 07/25/2014 |
| 3136FP4G9 | 11045 | Federal National Mort Assoc | | 01/27/2011 | 10,000,000.00 | 10,011,100.00 | 10,000,000.00 | 1.000 | 1,277 | 1.000 | 999 | 07/27/2014 |
| 31331KVP2 | 11134 | Federal Farm Credit Bank | | 08/25/2011 | 5,000,000.00 | 4,980,500.00 | 5,000,000.00 | 0.750 | 1,096 | 0.750 | 1,028 | 08/25/2014 |
| 3134G2GE6 | 11083 | Fed Home Loan Mortgage Corp | | 05/25/2011 | 5,000,000.00 | 5,003,400.00 | 5,000,000.00 | 1.500 | 1,188 | 1.500 | 1,028 | 08/25/2014 |
| 3135G0BY8 | 11117 | Federal National Mort Assoc | | 07/19/2011 | 4,000,000.00 | 4,027,600.00 | 3,997,920.00 | 0.875 | 1,136 | 0.890 | 1,031 | 08/28/2014 |
| 3136FRW74 | 11145 | Federal National Mort Assoc | | 09/07/2011 | 3,000,000.00 | 2,991,600.00 | 3,000,260.42 | 0.625 | 1,091 | 0.625 | 1,036 | 09/02/2014 |
| 3135G0CU5 | 11138 | Federal National Mort Assoc | | 09/12/2011 | 5,000,000.00 | 4,988,100.00 | 5,000,000.00 | 0.625 | 1,096 | 0.625 | 1,046 | 09/12/2014 |
| 3134G2JZ6 | 11100 | Fed Home Loan Mortgage Corp | | 06/15/2011 | 2,500,000.00 | 2,502,734.25 | 2,500,000.00 | 1.450 | 1,188 | 1.450 | 1,049 | 09/15/2014 |
| 313371YB6 | 11022 | Federal Home Loan Bank | | 12/23/2010 | 2,500,000.00 | 2,503,225.00 | 2,500,000.00 | 1.300 | 1,370 | 1.300 | 1,057 | 09/23/2014 |
| 3136FTCT4 | 11157 | Federal National Mort Assoc | | 10/20/2011 | 3,000,000.00 | 3,002,850.00 | 3,000,000.00 | 0.600 | 1,096 | 0.600 | 1,084 | 10/20/2014 |
| 3136FRMX8 | 11088 | Federal National Mort Assoc | | 05/24/2011 | 2,500,000.00 | 2,513,125.00 | 2,500,000.00 | 1.520 | 1,280 | 1.520 | 1,119 | 11/24/2014 |
| 3134G2AK8 | 11070 | Fed Home Loan Mortgage Corp | | 03/30/2011 | 5,000,000.00 | 5,024,150.00 | 5,000,000.00 | 2.020 | 1,371 | 2.020 | 1,155 | 12/30/2014 |
| 3134G2TJ1 | 11120 | Fed Home Loan Mortgage Corp | | 07/26/2011 | 4,000,000.00 | 4,015,080.00 | 4,000,000.00 | 1.270 | 1,280 | 1.270 | 1,182 | 01/26/2015 |
| 3134G2TJ1 | 11122 | Fed Home Loan Mortgage Corp | | 07/26/2011 | 5,000,000.00 | 5,018,850.00 | 5,000,000.00 | 1.270 | 1,280 | 1.270 | 1,182 | 01/26/2015 |
| 3136FR6N8 | 11148 | Federal National Mort Assoc | | 09/30/2011 | 1,500,000.00 | 1,498,110.00 | 1,500,000.00 | 0.810 | 1,277 | 0.810 | 1,245 | 03/30/2015 |
| 3136FR6N8 | 11149 | Federal National Mort Assoc | | 09/30/2011 | 3,500,000.00 | 3,495,590.00 | 3,500,000.00 | 0.810 | 1,277 | 0.810 | 1,245 | 03/30/2015 |
| 31331KLE8 | 11086 | Federal Farm Credit Bank | | 05/18/2011 | 2,500,000.00 | 2,560,475.00 | 2,501,250.00 | 1.600 | 1,461 | 1.587 | 1,294 | 05/18/2015 |
| 3136FRKZ5 | 11082 | Federal National Mort Assoc | | 05/18/2011 | 5,000,000.00 | 5,007,812.50 | 5,000,000.00 | 0.850 | 1,461 | 0.850 | 1,294 | 05/18/2015 |
| 3136FRRB1 | 11108 | Federal National Mort Assoc | | 06/22/2011 | 10,000,000.00 | 10,064,062.00 | 10,000,000.00 | 1.550 | 1,461 | 1.550 | 1,329 | 06/22/2015 |
| 3134G2V25 | 11154 | Fed Home Loan Mortgage Corp | | 10/20/2011 | 5,000,000.00 | 4,985,200.00 | 5,000,000.00 | 1.000 | 1,369 | 1.000 | 1,357 | 07/20/2015 |
| 3136FRE41 | 11119 | Federal National Mort Assoc | | 07/27/2011 | 4,000,000.00 | 4,012,080.00 | 4,000,000.00 | 1.550 | 1,461 | 1.550 | 1,364 | 07/27/2015 |
| 3136FRE41 | 11125 | Federal National Mort Assoc | | 07/27/2011 | 5,000,000.00 | 5,015,100.00 | 5,000,000.00 | 1.550 | 1,461 | 1.550 | 1,364 | 07/27/2015 |
| 313375PT8 | 11147 | Federal Home Loan Bank | | 09/19/2011 | 2,500,000.00 | 2,491,875.00 | 2,500,000.00 | 0.750 | 1,410 | 0.750 | 1,367 | 07/30/2015 |
| 31331KUU2 | 11142 | Federal Farm Credit Bank | | 08/31/2011 | 3,000,000.00 | 2,995,950.00 | 3,001,166.67 | 1.000 | 1,447 | 0.999 | 1,385 | 08/17/2015 |
| 3136FRX40 | 11140 | Federal National Mort Assoc | | 08/26/2011 | 9,000,000.00 | 8,955,990.00 | 9,000,000.00 | 1.000 | 1,461 | 1.000 | 1,394 | 08/26/2015 |
| 3136FPK2 | 10991 | Federal National Mort Assoc | | 09/28/2010 | 5,000,000.00 | 5,010,250.00 | 5,000,000.00 | 1.000 | 1,826 | 1.000 | 1,427 | 09/28/2015 |
| 3136FTCL1 | 11156 | Federal National Mort Assoc | | 10/26/2011 | 3,000,000.00 | 2,990,100.00 | 2,997,000.00 | 1.000 | 1,461 | 1.026 | 1,455 | 10/26/2015 |
| 3136FTDV0 | 11158 | Federal National Mort Assoc | | 10/26/2011 | 5,000,000.00 | 5,000,500.00 | 5,000,000.00 | 1.125 | 1,461 | 1.125 | 1,455 | 10/26/2015 |
| 3136FPB22 | 11013 | Federal National Mort Assoc | | 11/30/2010 | 2,500,000.00 | 2,503,675.00 | 2,500,000.00 | 2.000 | 1,826 | 2.000 | 1,490 | 11/30/2015 |
| 31331J4J9 | 11020 | Federal Farm Credit Bank | | 12/07/2010 | 2,000,000.00 | 2,051,940.00 | 2,000,000.00 | 1.740 | 1,826 | 1.740 | 1,497 | 12/07/2015 |
| 3136FTAK5 | 11152 | Federal National Mort Assoc | | 09/28/2011 | 4,000,000.00 | 3,990,320.00 | 4,000,000.00 | 1.000 | 1,552 | 0.998 | 1,518 | 12/28/2015 |
| 3136FPY76 | 11129 | Federal National Mort Assoc | | 08/11/2011 | 1,000,000.00 | 1,004,640.00 | 1,010,679.17 | 2.375 | 1,614 | 2.167 | 1,532 | 01/11/2016 |
| 3136FRS61 | 11136 | Federal National Mort Assoc | | 09/07/2011 | 5,000,000.00 | 4,974,400.00 | 5,000,000.00 | 1.250 | 1,643 | 1.250 | 1,588 | 03/07/2016 |
| 31331KFK1 | 11073 | Federal Farm Credit Bank | | 03/24/2011 | 1,155,000.00 | 1,175,131.65 | 1,153,845.00 | 2.440 | 1,827 | 2.461 | 1,605 | 03/24/2016 |
| 31331KYL8 | 11146 | Federal Farm Credit Bank | | 09/14/2011 | 2,500,000.00 | 2,489,875.00 | 2,500,000.00 | 1.450 | 1,735 | 1.450 | 1,687 | 06/14/2016 |
| 3136FRD5 | 11112 | Federal National Mort Assoc | | 06/30/2011 | 5,000,000.00 | 5,007,550.00 | 5,000,000.00 | 1.500 | 1,827 | 1.500 | 1,703 | 06/30/2016 |

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
October 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 | 4,010,760.00 | 4,000,000.00 | 1.750 | 1,827 | 1.750 | 1,730 | 07/27/2016 |
| 3134G2YLO | 11132 | Fed Home Loan Mortgage Corp | | 08/24/2011 | 2,500,000.00 | 2,504,125.00 | 2,500,000.00 | 1.125 | 1,827 | 1.125 | 1,758 | 08/24/2016 |
| 3136FRQ71 | 11130 | Federal National Mort Assoc | | 08/24/2011 | 2,500,000.00 | 2,494,125.00 | 2,500,000.00 | 1.450 | 1,827 | 1.450 | 1,758 | 08/24/2016 |
| 3136FRS38 | 11135 | Federal National Mort Assoc | | 09/06/2011 | 5,000,000.00 | 4,982,650.00 | 5,000,000.00 | 1.400 | 1,827 | 1.400 | 1,771 | 09/06/2016 |
| 3136FRT37 | 11139 | Federal National Mort Assoc | | 09/14/2011 | 5,000,000.00 | 4,996,150.00 | 5,000,000.00 | 1.050 | 1,827 | 1.050 | 1,779 | 09/14/2016 |
| 3136FR3Q4 | 11144 | Federal National Mort Assoc | | 09/28/2011 | 5,000,000.00 | 4,981,800.00 | 5,000,000.00 | 1.320 | 1,827 | 1.320 | 1,793 | 09/28/2016 |
| 3135G0EN9 | 11159 | Federal National Mort Assoc | | 10/28/2011 | 5,000,000.00 | 5,028,650.00 | 5,000,486.11 | 1.750 | 1,825 | 1.750 | 1,821 | 10/26/2016 |
| Subtotal and Average | | | 457,998,516.13 | | 457,000,000.00 | 460,884,886.35 | 460,427,051.56 | | 1,142 | 1.105 | 874 | |
| Federal Agency Discount | | | | | | | | | | | | |
| 313384PV5 | 11021 | Federal Home Loan Bank | | 11/30/2010 | 5,000,000.00 | 4,999,900.00 | 4,984,875.00 | 0.300 | 363 | 0.309 | 27 | 11/28/2011 |
| 313588SD8 | 11128 | Federal National Mort Assoc | | 08/11/2011 | 12,000,000.00 | 11,999,400.00 | 11,995,050.00 | 0.090 | 165 | 0.091 | 83 | 01/23/2012 |
| Subtotal and Average | | | 16,979,925.00 | | 17,000,000.00 | 16,999,300.00 | 16,979,925.00 | | 223 | 0.155 | 67 | |
| Local Agency Investment Funds | | | | | | | | | | | | |
| SYS10090 | 10090 | Local Agency Investment Fund | | | 49,133,561.60 | 49,133,561.60 | 49,133,561.60 | 0.385 | 1 | 0.385 | 1 | |
| Subtotal and Average | | | 46,695,474.83 | | 49,133,561.60 | 49,133,561.60 | 49,133,561.60 | | 1 | 0.385 | 1 | |
| Columbia Money Market Fund | | | | | | | | | | | | |
| SYS10091 | 10091 | Columbia Money Market Reserves | | 09/15/2006 | 8,634,097.30 | 8,634,097.30 | 8,634,097.30 | 0.010 | 1 | 0.010 | 1 | |
| Subtotal and Average | | | 13,008,460.78 | | 8,634,097.30 | 8,634,097.30 | 8,634,097.30 | | 1 | 0.010 | 1 | |
| Local Agency Investment Funds - RDA | | | | | | | | | | | | |
| SYS10092 | 10092 | LAIF - RDA | | 03/17/2009 | 17.57 | 17.57 | 17.57 | 0.385 | 1 | 0.385 | 1 | |
| Subtotal and Average | | | 10.20 | | 17.57 | 17.57 | 17.57 | | 1 | 0.385 | 1 | |
| Corporate Bonds | | | | | | | | | | | | |
| 86801BAB1 | 10798 | Suntrust Bank | | 12/29/2008 | 5,000,000.00 | 5,005,300.00 | 5,153,450.00 | 3.000 | 1,052 | 1.900 | 15 | 11/16/2011 |
| 949744AA4 | 10790 | Wells Fargo Bank | | 12/10/2008 | 5,000,000.00 | 5,014,300.00 | 4,994,150.00 | 3.000 | 1,094 | 3.041 | 38 | 12/09/2011 |
| 4042EPAA5 | 10823 | HSBC | | 02/06/2009 | 5,000,000.00 | 5,017,850.00 | 5,151,350.00 | 3.125 | 1,043 | 2.030 | 45 | 12/16/2011 |
| 9116OHAA5 | 10842 | US Bank | | 03/13/2009 | 5,000,000.00 | 5,039,750.00 | 4,999,400.00 | 2.250 | 1,096 | 2.254 | 133 | 03/13/2012 |
| 17314AAF9 | 11116 | Citigroup | | 07/19/2011 | 4,000,000.00 | 4,027,680.00 | 4,050,040.00 | 2.000 | 255 | 0.203 | 150 | 03/30/2012 |
| 06050BAA9 | 10808 | Bank of America | | 01/20/2009 | 5,000,000.00 | 5,094,750.00 | 5,199,100.00 | 3.125 | 1,242 | 1.913 | 227 | 06/15/2012 |
| 38146FAA9 | 10816 | Goldman Sachs | | 01/26/2009 | 5,000,000.00 | 5,094,450.00 | 5,206,850.00 | 3.250 | 1,236 | 1.984 | 227 | 06/15/2012 |
| 61757UAH3 | 10846 | Morgan Stanley | | 04/13/2009 | 5,000,000.00 | 5,053,950.00 | 4,998,450.00 | 1.950 | 1,164 | 1.960 | 232 | 06/20/2012 |

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

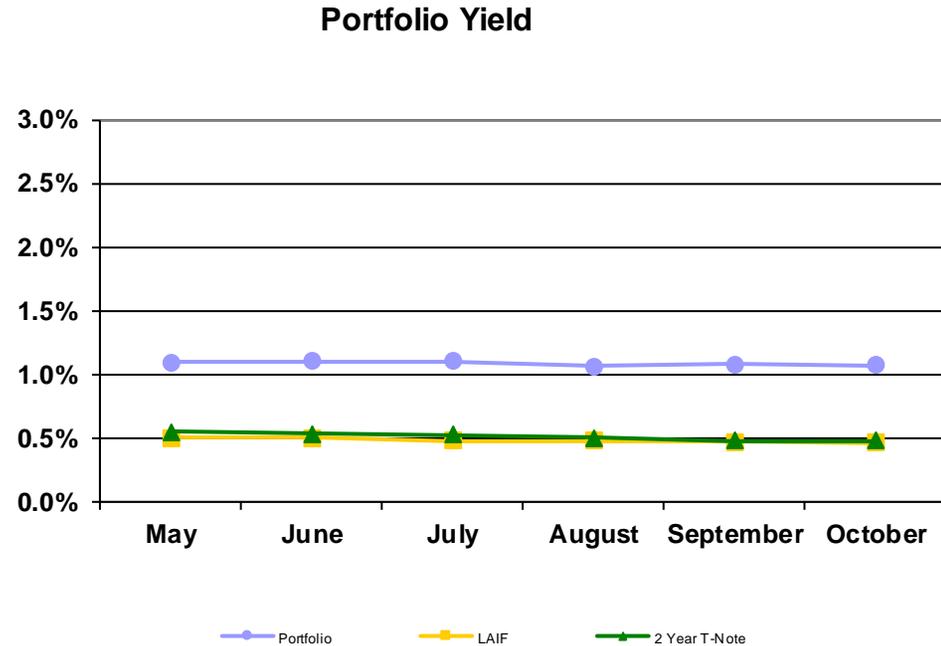
| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Term | YTM 365 | Days to Maturity | Maturity Date |
|------------------------|--------------|-----------------------------|-----------------------|---------------|-----------------------|-----------------------|-----------------------|-------------|--------------|--------------|------------------|---------------|
| Corporate Bonds | | | | | | | | | | | | |
| 17313YAG6 | 10895 | Citigroup | | 08/28/2009 | 2,000,000.00 | 2,026,820.00 | 2,015,520.00 | 2.125 | 1,049 | 1.844 | 254 | 07/12/2012 |
| 17313YAL5 | 10899 | Citigroup | | 10/05/2009 | 3,000,000.00 | 3,049,530.00 | 3,011,940.00 | 1.875 | 1,113 | 1.741 | 356 | 10/22/2012 |
| 481247AM6 | 10847 | JP Morgan Chase | | 04/13/2009 | 5,000,000.00 | 5,104,900.00 | 4,993,850.00 | 2.125 | 1,353 | 2.160 | 421 | 12/26/2012 |
| | | Subtotal and Average | 49,774,100.00 | | 49,000,000.00 | 49,529,280.00 | 49,774,100.00 | | 1,079 | 1.956 | 180 | |
| | | Total and Average | 584,456,486.95 | | 580,767,676.47 | 585,181,142.82 | 584,948,753.03 | | 998 | 1.073 | 705 | |

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

| CUSIP | Investment # | Issuer | Stated Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Balance |
|--|--------------|--------------------------------|-------------|------------------|-----------------------|----------------------------|-----------------------|
| Federal Agency Coupon | | | | | | | |
| 31331GDC0 | 10877 | Federal Farm Credit Bank | 3.600 | 10/14/2011 | 0.00 | 5,253,302.16 | |
| 3133XV6K2 | 10903 | Federal Home Loan Bank | 1.150 | 10/14/2011 | 0.00 | 5,011,850.00 | |
| 3134G1WL4 | 11000 | Fed Home Loan Mortgage Corp | 1.500 | 10/26/2011 | 0.00 | 3,000,000.00 | |
| 3134G2CB6 | 11074 | Fed Home Loan Mortgage Corp | 1.650 | 10/06/2011 | 0.00 | 5,000,000.00 | |
| 3134G2SU7 | 11115 | Fed Home Loan Mortgage Corp | 0.750 | 10/28/2011 | 0.00 | 4,000,000.00 | |
| 3134G2V25 | 11154 | Fed Home Loan Mortgage Corp | 1.000 | 10/20/2011 | 5,000,000.00 | 0.00 | |
| 3136FPQC4 | 10998 | Federal National Mort Assoc | 1.250 | 10/15/2011 | 0.00 | 5,000,000.00 | |
| 3136FTCL1 | 11156 | Federal National Mort Assoc | 1.000 | 10/26/2011 | 2,997,000.00 | 0.00 | |
| 3136FTCT4 | 11157 | Federal National Mort Assoc | 0.600 | 10/20/2011 | 3,000,000.00 | 0.00 | |
| 3136FTDV0 | 11158 | Federal National Mort Assoc | 1.125 | 10/26/2011 | 5,000,000.00 | 0.00 | |
| 3135GOEN9 | 11159 | Federal National Mort Assoc | 1.750 | 10/28/2011 | 5,000,000.00 | 0.00 | |
| Subtotal | | | | | 20,997,000.00 | 27,265,152.16 | 460,427,051.56 |
| Federal Agency Discount | | | | | | | |
| Subtotal | | | | | | | 16,979,925.00 |
| Local Agency Investment Funds (Monthly Summary) | | | | | | | |
| SYS10090 | 10090 | Local Agency Investment Fund | 0.385 | | 2,544,668.44 | 0.00 | |
| Subtotal | | | | | 2,544,668.44 | 0.00 | 49,133,561.60 |
| Columbia Money Market Fund (Monthly Summary) | | | | | | | |
| SYS10091 | 10091 | Columbia Money Market Reserves | 0.010 | | 20,574,518.66 | 19,886,666.03 | |
| Subtotal | | | | | 20,574,518.66 | 19,886,666.03 | 8,634,097.30 |
| Local Agency Investment Funds - RDA (Monthly Summary) | | | | | | | |
| SYS10092 | 10092 | LAIF - RDA | 0.385 | | 17.57 | 0.00 | |
| Subtotal | | | | | 17.57 | 0.00 | 17.57 |
| Corporate Bonds | | | | | | | |
| Subtotal | | | | | | | 49,774,100.00 |
| Total | | | | | 44,116,204.67 | 47,151,818.19 | 584,948,753.03 |

Portfolio Yield

The portfolio yield-to-maturity was 1.07% as of October 31, 2011, down one (1) basis point from September and seventeen (17) basis points from October 2010. During the last six months, the yield has remained in a narrow range of 1.07% to 1.10% as the extended record low interest rate environment continues to affect portfolio returns. This month's yield is three hundred ninety-three (393) 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.



Overall, interest rates in the two to five year maturity range in October were relatively flat with September levels and remain near the record lows reached last year. The month-end two year and twelve month moving average CMT were unchanged from September. The twelve month moving average of the CMT in October was 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 October to 0.46%, and has not shown a monthly increase in over four years. The monthly LAIF yield for October was 0.39%, near the lowest month on record.

The Federal Open Market Committee (Fed) did not meet in October, so the target Fed Funds rate remained unchanged at a range of 0% to 0.25%. 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. Third quarter GDP growth was 2% 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 unemployment rate was 9% in October, the seventh consecutive month in excess of 9%. However, the stock market had a robust month in October as the Dow Jones Industrial Average increased nearly 10% to the highest levels since the beginning of August. The European plan to deal with the debt crisis in Greece improved investor sentiment.

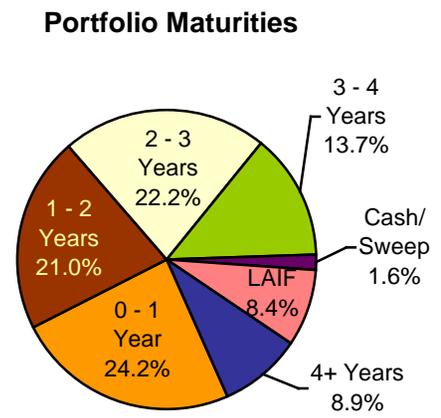
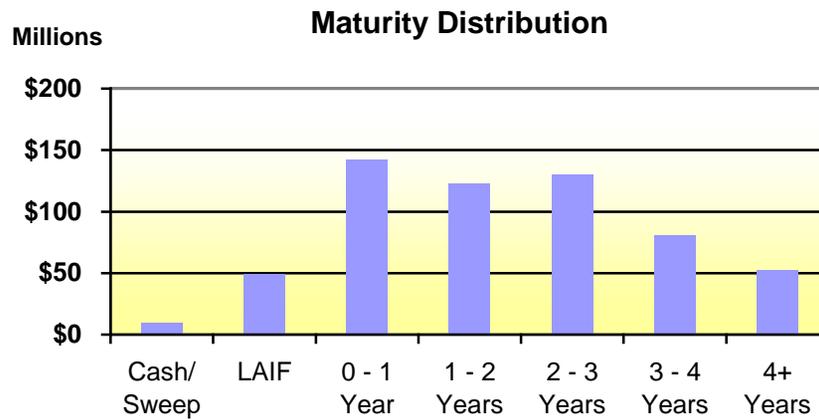
The City’s portfolio yield-to-maturity has decreased significantly over the last four and a half years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield should remain relatively stable over the next few months, but 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 October were \$0.2 million. Fiscal year-to-date earnings are now down 5.1% from the same period last year. For the entire fiscal year, current projections are that investment earnings will be similar to last fiscal year, but a decrease is possible if rates don’t begin to show at least a modest upward trend.

Maturity Distribution

The weighted average days to maturity as of October 31, 2011 is 705 days (1.93 years), seven days less 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 October 31, 2011, the market value and the book value of the City’s pooled investments (excluding cash) are:

| | | |
|-----------------------------|----|----------------|
| Market Value | \$ | 585,181,142.82 |
| Book Value (purchase price) | | 584,948,753.03 |
| | | 232,389.79 |
| Unrealized Gain/(Loss) | \$ | 232,389.79 |

Charnock Settlement

All remaining restricted settlement funds are now held in an escrow account with Union Bank and being used to pay for the 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 \$28.8 million) should be sufficient to cover costs related to 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 October 31, 2011 is 0.54%. On October 31, 2011, the portfolio showed an unrealized loss of \$123,493.44. The weighted average days-to-maturity was 413 days (1.13 years). Most investments are being held in relatively 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 October 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 0.55%. The weighted average days to maturity were 318 days. The month-end unrealized loss was \$77,512.67.

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 October 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
October 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 | 418,856.81 | 418,856.81 | 418,856.81 | 0.010 | 0.010 | 0.010 | 1 | |
| Subtotal and Average | | | 3,527,893.51 | | 418,856.81 | 418,856.81 | 418,856.81 | | 0.010 | 0.010 | 1 | |
| Federal Agency Coupon Securities | | | | | | | | | | | | |
| 3133XT2T2 | 57 | Federal Home Loan Bank | | 07/17/2009 | 5,000,000.00 | 5,029,550.00 | 5,087,600.00 | 2.250 | 1.529 | 1.550 | 101 | 02/10/2012 |
| 313375XD4 | 64 | Federal Home Loan Bank | | 10/25/2011 | 5,000,000.00 | 4,998,700.00 | 5,000,000.00 | 0.300 | 0.296 | 0.300 | 359 | 10/25/2012 |
| 3137EACG2 | 63 | Federal Home Loan Mortgage Cor | | 10/04/2011 | 6,000,000.00 | 6,076,680.00 | 6,086,609.17 | 1.375 | 0.301 | 0.305 | 435 | 01/09/2013 |
| 3134G1VX9 | 62 | Federal Home Loan Mortgage Cor | | 10/03/2011 | 6,000,000.00 | 6,032,820.00 | 6,062,486.67 | 0.800 | 0.355 | 0.360 | 535 | 04/19/2013 |
| 31331JPK3 | 65 | Federal Farm Credit Bank | | 10/04/2011 | 6,000,000.00 | 6,104,280.00 | 6,128,827.50 | 1.375 | 0.341 | 0.345 | 602 | 06/25/2013 |
| Subtotal and Average | | | 22,921,288.39 | | 28,000,000.00 | 28,242,030.00 | 28,365,523.34 | | 0.540 | 0.548 | 419 | |
| Total and Average | | | 26,449,181.90 | | 28,418,856.81 | 28,660,886.81 | 28,784,380.15 | | 0.533 | 0.540 | 413 | |

**Santa Monica Custodial 2011
Portfolio Management
Portfolio Details - Investments
October 31, 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 | 8,382,957.51 | 8,382,957.51 | 8,382,957.51 | 0.010 | | 0.010 | 1 | |
| Subtotal and Average | | | 8,312,974.09 | | 8,382,957.51 | 8,382,957.51 | 8,382,957.51 | | | 0.010 | 1 | |
| Federal Agency Coupon Securities | | | | | | | | | | | | |
| 313373BP6 | 2007 | Federal Home Loan Bank | | 04/11/2011 | 8,300,000.00 | 8,307,055.00 | 8,298,174.00 | 0.300 | | 0.321 | 181 | 04/30/2012 |
| 31398AT77 | 2006 | Federal National Mortgage Asso | | 04/01/2011 | 12,700,000.00 | 12,781,915.00 | 12,810,236.00 | 1.125 | | 0.638 | 272 | 07/30/2012 |
| 3136FPUC9 | 2002 | Federal National Mortgage Asso | | 03/31/2011 | 8,400,000.00 | 8,410,836.00 | 8,377,824.00 | 0.500 | | 0.668 | 364 | 10/30/2012 |
| 31398AME9 | 2010 | Federal National Mortgage Asso | | 05/05/2011 | 6,500,000.00 | 6,787,495.00 | 6,887,660.00 | 4.000 | | 0.533 | 454 | 01/28/2013 |
| 3137EACJ6 | 2003 | Federal Home Loan Mortgage Cor | | 03/31/2011 | 6,900,000.00 | 7,029,237.00 | 7,004,328.00 | 1.625 | | 1.077 | 531 | 04/15/2013 |
| 31398ASD5 | 2008 | Federal National Mortgage Asso | | 05/05/2011 | 4,100,000.00 | 4,347,517.00 | 4,382,490.00 | 3.875 | | 0.694 | 619 | 07/12/2013 |
| 31398A4S8 | 2009 | Federal National Mortgage Asso | | 05/05/2011 | 1,900,000.00 | 1,922,173.00 | 1,906,688.00 | 1.050 | | 0.905 | 721 | 10/22/2013 |
| Subtotal and Average | | | 49,667,888.03 | | 48,800,000.00 | 49,586,228.00 | 49,667,400.00 | | | 0.653 | 382 | |
| Federal Agency Disc. -At Cost | | | | | | | | | | | | |
| 313396RY1 | 2004 | Federal Home Loan Mortgage Cor | | 04/01/2011 | 2,200,000.00 | 2,199,912.00 | 2,196,252.67 | 0.210 | | 0.217 | 78 | 01/18/2012 |
| Subtotal and Average | | | 2,196,252.67 | | 2,200,000.00 | 2,199,912.00 | 2,196,252.67 | | | 0.217 | 78 | |
| Total and Average | | | 60,177,114.79 | | 59,382,957.51 | 60,169,097.51 | 60,246,610.18 | | | 0.547 | 318 | |

Portfolio Allocation as of 10/31/11

| | 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 | \$123,331,978.91 | \$10,087,600.00 | \$133,419,578.91 | 21.7% | 50.0% | Yes |
| Federal National Mortgage Association | 190,858,855.70 | 0.00 | 190,858,855.70 | 31.1% | 50.0% | Yes |
| Federal Home Loan Mortgage Corporation | 96,362,276.39 | 12,149,095.84 | 108,511,372.23 | 17.7% | 50.0% | Yes |
| Federal Farm Credit Bank | 66,853,865.56 | 6,128,827.50 | 72,982,693.06 | 11.9% | 50.0% | Yes |
| Total Federal Agency Securities | \$477,406,976.56 | 28,365,523.34 | 505,772,499.90 | 82.3% | 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 | 8,634,097.30 | | 8,634,097.30 | 1.4% | 10.0% | Yes |
| BlackrockT-Find Cash Management Sweep | | 418,856.81 | 418,856.81 | 0.1% | 10.0% | Yes |
| Total-Money Market Mutual Funds | \$8,634,097.30 | \$418,856.81 | \$9,052,954.11 | 1.5% | 20.0% | Yes |
| State Local Agency Investment Fund-City | \$49,133,579.17 | | \$49,133,579.17 | 8.0% | \$50 million | Yes |
| State Local Agency Investment Fund-RDA | \$0.00 | | \$0.00 | 0.0% | \$50 million | Yes |
| Cash (3) | 562,689.83 | | 562,689.83 | 0.1% | None | Yes |
| Total (Book Value) | \$585,511,442.86 | \$28,784,380.15 | \$614,295,823.01 | 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 (\$2,668,394.51)
- (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 10/31/11 (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 |
| 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